OKLAHOMA HOUSING FINANCE AGENCY

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

SEPTEMBER 30, 2022 and 2021

WITH

INDEPENDENT AUDITOR'S REPORTS

HoganTaylor LLP
CPAs + ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Oklahoma Housing Finance Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of September 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4-10, 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 Other Postemployment Employee Benefits (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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplemental information on pages 38 through 50 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2023, 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 24, 2023

OKLAHOMA HOUSING FINANCE AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

September 30, 2022 and 2021

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, 2022 and 2021. 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, 2022

- Total assets increased by $54.2 million.
- Total liabilities increased by $82.6 million.
- Net position decreased by $35.3 million.
- Made 1,988 single family mortgage loans available to first-time homebuyers compared to 3,011 in 2021.
- Provided 118,065 unit months of Section 8 rental assistance compared to 122,945 in 2021.
- Paid $60.6 million in rental assistance to benefit Section 8 voucher holders compared to $60.3 million in 2021.
- Paid $79.5 million in rental assistance to project-based Section 8 properties compared to $80.0 million in 2021.

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.

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 2022 duties consisted of 166 properties, totaling 12,533 assisted units. The Agency receives a fee to administer the program based on the number of units under contract.

In late 2021, OHFA was awarded a contract with the U.S. Department of Treasury to administer the Homeowner Assistance Fund for the State of Oklahoma. The Oklahoma Homeowner Assistance Fund (HAF) is made available through the American Rescue Plan Act. HAF provides financial assistance on behalf of homeowners who have experienced a significant financial hardship due to COVID-19.

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

	2022	2021	2020
Assets			
Current assets	$ 119.5	$ 42.6	$ 28.3
Noncurrent assets:			
Restricted	255.5	284.7	339.8
Net capital assets	13.7	5.5	3.2
Unrestricted	61.4	63.1	68.7
Total assets	450.1	395.9	440.0
Deferred outflows	1.2	2.3	0.9
Liabilities			
Current liabilities	91.5	11.8	14.5
Noncurrent liabilities	192.1	189.2	240.4
Total liabilities	283.6	201.0	254.9
Deferred inflows	6.0	0.2	0.4
Net Position			
Invested in capital assets	13.7	5.5	3.2
Restricted for Single Family Bond Programs	57.7	91.6	92.4
Restricted for Section 8 and Emergency Housing Voucher Programs	0.4	2.1	-
Unrestricted	89.9	97.8	90.0
Total net position	$ 161.7	$ 197.0	$ 185.6

Explanations of significant variances between 2022 and 2021 on the condensed statements of net position follow:

The increase in total assets of $54.2 million is primarily due to the net effect of four factors: 1) OHFA having cash and unearned revenues of $80.2 million relating to the new Homeowner Assistance Fund program which began in late 2021 that were not on hand as of September 30, 2021, 2) a $44.1 million negative market value adjustment on OHFA investments as of September 30, 2022, caused by significant increases in market interest rates, which causes the value of fixed interest rate investments to decline, 3) defined benefit pension and OPEB assets increasing by $4.3 million due to good investment returns within the plans, and 4) an increase of $10.5 million in net position (excluding market value adjustment).

The increase in total liabilities of $82.6 million is primarily due to the net effect of two factors: 1) OHFA receiving $80.2 million relating to the new Homeowner Assistance Fund which began in late 2021 that were not on hand as of September 30, 2021, and 2) the reduction in defined pension liability of $2.7 million due to good investment returns within the plan.

The Section 8 Voucher and Emergency Housing Voucher Programs are included in the Agency General Fund and those program's net positions, which are restricted, decreased by $1.7 million due to receiving $1.7 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 and Emergency Housing Voucher Programs. The Agency had funds restricted for the Section 8 Voucher and Emergency Housing Voucher Programs of $0.4 million and $2.1 million, respectively, as of September 30, 2022 and 2021.

The increase in Agency General Fund unrestricted net position (including investment in capital assets) of $0.4 million is due to almost $0.4 million in net operating income (excluding Single Family Bond Programs).

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 and Emergency Housing Voucher Programs are included in the Agency General Fund and those program's net positions, which are restricted, increased by $2.1 million due to receiving $2.1 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 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 and Emergency Housing Voucher Programs. The Agency had funds restricted for the Section 8 Voucher Program of $2.1 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).

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

	2022	2021	2020
Operating and Nonoperating Revenues			
Investment and program loan income	$ 10.2	$ 10.6	$ 14.3
Net increase (decrease) in fair value of investments	(44.1)	(3.6)	5.8
Realized gain on sale of investments	2.0	5.9	5.3
Fees and other income	19.2	17.2	13.6
Federal and state program revenues	154.8	149.7	145.2
Total revenues	142.1	179.8	184.2
Operating and Nonoperating Expenses			
Interest on bonds and notes payable	4.4	4.7	7.1
Other bond program expenses	1.7	1.7	2.0
Salaries, general and administrative	14.8	14.3	12.4
Federal and state program expenses	156.5	147.7	146.0
Total expenses	177.4	168.4	167.5
Increase (decrease) in net position	(35.3)	11.4	16.7
Net position at beginning of year	197.0	185.6	168.9
Net position at end of year	$ 161.7	$ 197.0	$ 185.6

Explanations of significant fluctuations between 2022 and 2021 in revenues, expenses, and changes in net position follow:

The net decrease in the fair value of investments of $44.1 million for 2022 was due to market interest rates being significantly 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 $2.0 million in 2022 and $5.9 million in 2021 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 $5.1 million due primarily to the net effect of a $0.5 million decrease in the Section 8 Contract Administration Program revenues, a $0.9 million increase in the HOME Investment Partnership Program revenues, a $1.2 million increase in National Housing Trust Fund revenues, a $1.7 million increase in the new Emergency Housing Voucher (EHV) program, and a $2.9 million decrease in the Section 8 Voucher Program revenues, and due to a $4.6 million increase in the new Homeowner Assistance Fund revenues due to varying availability of federal program funding.

Interest expense on bonds and notes payable decreased by $0.3 million in 2022 from 2021. The decrease in interest expense is due to bonds and notes payable balances trending downward during 2022 due to net paydowns due to customers paying their mortgages. $40.0 million of new debt was issued in June 2022, to bring the debt levels back to a more consistent level with 2021, but only three months of interest was paid on the new debt based on the issue date.

Federal program expenses increased by $8.8 million due primarily to the net effect of a $0.5 million decrease in the Section 8 Contract Administration Program expenses, a $0.9 million increase in the HOME Investment Partnership Program expenses, a $1.2 million increase in National Housing Trust Fund expenses, a $2.0 million increase in the Emergency Housing Voucher program expenses, a $0.3 million increase in the Section 8 Voucher Program expenses and a $4.6 million increase in the new Homeowner Assistance Fund expenses due to varying availability of federal program funding.

The decrease in net position of $35.3 million from $197.0 million in 2021 to $161.7 million in 2022 is primarily due to a 10.5 million operating profit excluding net decrease in fair value of investments, a $1.7 million decrease in net position due to OHFA receiving $1.7 million less in nonoperating federal program revenues than federal program expenses.

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.

Capital Assets and Long-Term Debt Administration

Capital assets

As of September 30, 2022 and 2021, the Agency had invested $13.7 million and $5.5 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, 2022, the Agency had $197.3 million in bonds and notes payable outstanding, which is an increase of 2.5% from last year's amount of $192.5 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, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 115,846,012	$ 40,151,895
Investments	686,188	-
Accounts receivable (net of an allowance for doubtful accounts of $1,655,285 and $1,661,643 for 2022 and 2021, respectively)	27,164	186,045
Accounts receivable - U.S. Department of Housing and Urban Development	1,254,917	988,914
Hedging receivable	842,263	-
Prepaid expenses	625,814	936,520
Interest receivable	169,996	328,781
Total current assets	119,452,354	42,592,155
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	9,228,047	15,033,241
Investments	245,486,447	268,853,849
Interest receivable	826,169	768,876
Program loans receivable	3,991,882	5,949,322
OPEB asset	437,472	140,607
Long-term investments	52,687,723	57,010,271
Nondepreciated capital assets	10,470,977	2,954,696
Capital assets, net	3,237,770	2,579,231
Pension asset	4,270,783	-
Total noncurrent assets	330,637,270	353,290,093
Total assets	450,089,624	395,882,248
Deferred outflows of resources:		
Pension	1,143,413	2,076,316
OPEB	93,417	130,174
Accumulated decrease in fair value of hedging derivatives	-	51,603
Total deferred outflows of resources	1,236,830	2,258,093

See notes to basic financial statements.

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF NET POSITION (continued)

September 30, 2022 and 2021

	2022	2021
Liabilities		
Current liabilities:		
Salaries and related expenses	718,178	916,501
Accounts payable - U.S. Department of Housing and Urban Development	637,719	658,952
Accounts payable - Family Self Sufficiency Program	469,348	289,131
Accounts payable - other	1,807,719	458,868
Hedging payable	-	51,603
Unearned revenue	81,059,532	1,832,797
Compensated absences	993,222	1,139,494
Interest payable	614,449	509,066
Current maturities of bonds and notes payable	5,163,415	5,895,210
Total current liabilities	91,463,582	11,751,622
Noncurrent liabilities:		
Pension liability	-	2,675,690
Bonds and notes payable, less current maturities	192,095,588	186,562,801
Total noncurrent liabilities	192,095,588	189,238,491
Total liabilities	283,559,170	200,990,113
Deferred inflows of resources:		
Pension	4,938,087	62,540
OPEB	274,959	122,592
Accumulated increase in fair value of hedging derivatives	842,263	-
Total deferred inflows of resources	6,055,309	185,132
Net Position		
Invested in capital assets	13,708,747	5,533,927
Restricted for Single Family Bond Programs	57,682,733	91,621,892
Restricted for Section 8 and Emergency Housing Voucher Programs	422,156	1,621,913
Unrestricted	89,898,339	98,187,364
Total net position	$ 161,711,975	$ 196,965,096

See notes to basic financial statements.

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended September 30, 2022 and 2021

	2022	2021
Operating Revenues		
Investment income	$ 10,065,253	$ 10,504,759
Program loan income	106,998	92,667
Net decrease in fair value of investments	(44,089,337)	(3,642,136)
Realized gain on sale of investments	1,992,434	5,890,166
Fees and other income	19,211,561	17,233,790
Total operating revenues	(12,713,091)	30,079,246
Operating Expenses		
Interest on bonds and notes payable	4,384,244	4,705,332
Mortgage servicing fees	1,191,813	1,344,291
Trustees, issuer and other fees	28,459	31,012
Bond issue costs	445,759	355,894
Salaries and related expenses	10,271,100	10,945,914
Other general and administrative	4,514,586	3,353,225
Total operating expenses	20,835,961	20,735,668
Operating income (loss)	(33,549,052)	9,343,578
Nonoperating revenue (expenses):		
Federal and state program revenues	154,779,181	149,718,689
Federal and state program expenses	(156,483,250)	(147,702,306)
Total nonoperating income (loss)	(1,704,069)	2,016,383
Increase (decrease) in net position	(35,253,121)	11,359,961
Total net position, beginning of year	196,965,096	185,605,135
Total net position, end of year	$ 161,711,975	$ 196,965,096

See notes to basic financial statements.

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF CASH FLOWS

Years ended September 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Receipts from fees	$ 16,468,127	$ 16,858,582
Receipts from program loan payments	2,922,516	92,667
Receipts from other sources	79,468,522	127,646
Payments to employees	(10,615,695)	(10,766,196)
Payments to suppliers	(1,184,069)	(4,742,946)
Payments for purchases of program loans	(858,078)	(1,949,322)
Payments for bond fees	(1,205,340)	(1,366,698)
Payments for trustee and other fees	(76,729)	(34,247)
Net cash provided by (used in) operating activities	84,919,254	(1,780,514)
Cash Flows from Noncapital Financing Activities		
Proceeds from issuance of bonds and notes payable	139,795,581	248,494,905
Principal paid on bonds and notes payable	(134,994,589)	(302,636,438)
Interest paid on bonds and notes payable	(4,278,861)	(4,873,076)
Payment of bond issuance costs	(445,759)	(355,893)
Receipt of federal and state program revenues	154,779,181	149,718,689
Payment of federal and state program expenses	(156,483,250)	(147,702,306)
Net cash used in noncapital financing activities	(1,627,697)	(57,354,119)
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(9,047,284)	(2,867,338)
Net cash used in capital and related financing activities	(9,047,284)	(2,867,338)
Cash Flows from Investing Activities		
Purchase of investments	(463,121,265)	(601,594,557)
Proceeds from sales and maturities of investments	448,599,170	661,059,778
Interest received on investments	10,166,745	10,701,527
Net cash provided by (used in) investing activities	(4,355,350)	70,166,748
Net increase in cash and cash equivalents	69,888,923	8,164,777
Cash and cash equivalents, beginning of year	55,185,136	47,020,359
Cash and cash equivalents, end of year	$ 125,074,059	$ 55,185,136
Cash and Cash Equivalents as Reported in Statement of Net Position		
Unrestricted	$ 115,846,012	$ 40,151,895
Restricted	9,228,047	15,033,241
	$ 125,074,059	$ 55,185,136

See notes to basic financial statements.

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF CASH FLOWS (continued)

Years ended September 30, 2022 and 2021

	2022	2021
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	$ (33,549,052)	$ 9,343,578
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	586,941	559,098
Interest from investments	(10,065,253)	(10,504,759)
Bond issue costs	445,759	355,894
Net decrease in fair value of investments	44,089,337	3,642,136
Realized gain on sale of investments	(2,277,957)	(5,890,166)
Interest on bonds and notes payable	4,384,245	4,705,332
Change in operating assets, liabilities, deferred outflows, and deferred inflows:		
Accounts receivable and HUD receivable	(93,596)	(406,484)
Hedging receivable/payable	(893,866)	165,411
Prepaid expenses	310,706	(477,614)
Program loans receivable	1,957,440	(1,949,322)
OPEB asset	(296,865)	(22,409)
Pension asset	(4,270,783)	-
Accounts payable and accrued expenses	1,295,985	51,983
Unearned revenue	79,226,735	(2,002,682)
Pension liability	(2,675,690)	2,270,734
Deferred outflows	1,021,263	(1,379,720)
Deferred inflows	5,870,177	(260,765)
Compensated absences	(146,272)	19,241
Net cash provided by (used in) operating activities	$ 84,919,254	$ (1,780,514)

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. The Agency also administers Treasury's Homeowner Assistance Fund beginning in 2021.

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, down payment and closing cost related second mortgages for the Agency's Single Family loan programs, 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 $10,540,285 and $12,985,714 for the years ended September 30, 2022 and 2021, 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, 2022 or 2021.

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, 2022 and 2021, were $586,941 and $559,098, 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 and Emergency Housing Voucher Programs.

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 and Emergency Housing Voucher Programs 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 and Emergency Housing Voucher Programs.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform with the 2022 presentation. These reclassifications had no impact to previously reported increase in net position.

Subsequent events

The Agency has evaluated events for recognition and disclosure that occurred through January 24, 2023, 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, 2022 and 2021, the Agency was not exposed to custodial credit risk.

As of September 30, 2022 and 2021, $9,235,079 and $15,033,396, 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:

	2022				
		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	$ 38,670,090	$ -	$ 9,212	$ 38,660,878	Level 2
FNMA pooled loans	13,472,982	-	-	13,472,982	Level 2
Second mortgages	544,651	-	-	544,651	Level 3
Certificates of deposit	686,188	686,188	-	-	Level 2
Total investments in securities	53,373,911	$ 686,188	$ 9,212	$ 52,678,511	
Single Family Bond Programs:					
GNMA pooled loans	199,396,749				Level 2
FNMA pooled loans	25,265,708				Level 2
Second mortgages	414,989				Level 3
Guaranteed investment contracts	20,409,001				Level 3
Total investments	$ 298,860,358				

	2021				
		Investment Maturity			
		Less than	One to	Greater Than	Fair Value
	Fair Value	One Year	Three Years	Three Years	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				

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:

	2022	2021
Current:		
Agency General Fund	$ 686,188	$ -
Noncurrent:		
Restricted - Single Family Bond Programs	245,486,447	268,853,849
Agency General Fund	52,687,723	57,010,271
Total noncurrent	298,174,170	325,864,120
Total investments	$ 298,860,358	$ 325,864,120

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:

	2022			2021		
	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	$ 38,670,090	*	12.9%	$ 42,257,847	*	13.0%
FNMA pooled loans	13,472,982		4.5%	14,046,227		4.3%
Second mortgages	544,651		0.2%			
Certificates of deposit	686,188		0.2%	706,197		0.2%
	53,373,911		17.8%	57,010,271		17.5%
Single Family Bond Programs:						
GNMA pooled loans	199,396,749	*	66.7%	234,361,630	*	71.9%
FNMA pooled loans	25,265,708	*	8.5%	34,004,950	*	10.4%
Second mortgages	414,989		0.2%			
Guaranteed investment contracts	20,409,001	*	6.8%	487,269		0.2%
	245,486,447		82.2%	268,853,849		82.5%
Total investments	$ 298,860,358		100.0%	$ 325,864,120		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, 2022, are as follows:

Forward Contracts to Sell TBA MBS	Notional Amount September 30, 2022	Trade Date	Delivery Date	Coupon Rate	Net Fair Values as Reported in the Statement of Net Position at September 30, 2022
Bank of America					
GNMA II	$ 1,200,000	7/28/2022	10/20/2022	5.00%	$ 48,000
GNMA II	1,000,000	8/15/2022	10/20/2022	5.00%	39,063
GNMA II	1,800,000	9/8/2022	11/21/2022	5.00%	59,344
FNMA	2,031,400	9/9/2022	10/13/2022	5.00%	65,544

Forward Contracts to Sell TBA MBS	Notional Amount September 30, 2022	Trade Date	Delivery Date	Coupon Rate	Net Fair Values as Reported in the Statement of Net Position at September 30, 2022
GNMA II	1,200,000	9/16/2022	10/20/2022	5.00%	28,125
GNMA II	1,200,000	9/23/2022	12/20/2022	5.50%	3,375
GNMA II	1,000,000	9/28/2022	12/20/2022	5.50%	6,406
Bank of Montreal					
FNMA	1,000,000	9/9/2022	10/13/2022	5.00%	31,875
GNMA II	1,800,000	9/20/2022	12/20/2022	5.50%	31,969
Bank of New York Mellon					
FNMA	1,357,810	9/9/2022	10/13/2022	5.00%	42,007
GNMA II	1,400,000	9/13/2022	11/21/2022	5.00%	36,148
GNMA II	300,000	9/16/2022	10/20/2022	4.50%	8,250
GNMA II	2,200,000	9/16/2022	10/20/2022	5.00%	48,813
GNMA II	1,600,000	9/16/2022	11/21/2022	5.50%	21,750
Bank of Oklahoma					
GNMA II	4,000,000	9/16/2022	10/20/2022	5.00%	91,875
Jefferies					
GNMA II	1,200,000	7/25/2022	10/20/2022	5.00%	42,562
GNMA II	1,200,000	8/9/2022	10/20/2022	5.00%	45,938
FNMA	1,600,000	9/9/2022	10/13/2022	5.00%	51,000
GNMA II	3,000,000	9/27/2022	12/20/2022	5.50%	(16,875)
Piper Sandler					
GNMA II	1,200,000	8/19/2022	11/21/2022	5.00%	42,750
GNMA II	1,800,000	8/24/2022	11/21/2022	5.00%	60,750
GNMA II	800,000	9/16/2022	10/20/2022	5.00%	18,500
GNMA II	1,000,000	9/19/2022	11/21/2022	5.50%	13,906
GNMA II	1,200,000	9/22/2022	12/20/2022	5.50%	11,813
GNMA II	1,200,000	9/29/2022	12/20/2022	5.50%	5,625
GNMA II	1,000,000	9/30/2022	12/20/2022	5.50%	3,750
	$ 38,289,210				
Total deferred inflows of resources accumulated increase in fair value of hedging derivatives					$ 842,263

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					
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)
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)

Note 4 – Program Loans Receivable

Program loans receivable consists of the following at September 30:

	2022	2021
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 2.00%, ten-year term, maturing August 2029	3,991,882	4,000,000
	$ 3,991,882	$ 5,949,322

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, 2022 and 2021, were $14,061,124 and $12,420,516, respectively.

Note 5 – Capital Assets

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

	2022			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 550,000	$ -	$ -	$ 550,000
Construction in progress	2,404,696	7,516,281	-	9,920,977
Total capital assets not being depreciated	2,954,696	7,516,281	-	10,470,977
Capital assets being depreciated:				
Furniture and equipment	3,776,394	1,512,815	(116,661)	5,172,548
Buildings	2,073,056	-	-	2,073,056
Improvements	2,347,082	18,188	(1,668,873)	696,397
Total capital assets being depreciated	8,196,532	1,531,003	(1,785,534)	7,942,001
Less accumulated depreciation:				
Furniture and equipment	(2,930,783)	(445,503)	116,302	(3,259,984)
Building	(1,036,528)	(51,826)	-	(1,088,354)
Improvements	(1,649,990)	(89,612)	1,383,709	(355,893)
Total accumulated depreciation	(5,617,301)	(586,941)	1,500,011	(4,704,231)
Total capital assets being depreciated	2,579,231	944,062	(285,523)	3,237,770
Capital assets, net	$ 5,533,927	$ 8,460,343	$ (285,523)	$ 13,708,747

	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
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

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, 2022	Outstanding Balance September 30, 2021
New Page	136	3/18/2016	$ 21,000,000	$ 7,030,574	$ 7,129,190
Highland Trails	100	4/27/2018	9,000,000	5,420,391	5,514,901
Sooner Haven	150	10/24/2018	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
Stillwater Springs	120	7/24/2019	12,000,000	7,679,163	12,000,000
Apache Manor/Sandy Park	316	7/31/2020	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	5,400,000
North Pointe Apartments	184	12/20/2021	14,620,000	14,620,000	-
Country Club Gardens	353	12/29/2021	30,500,000	30,500,000	-
Chisholm Springs of Spencer	70	7/13/2022	13,000,000	13,000,000	-
Duncan Plaza	105	8/11/2022	8,520,000	8,520,000	-
Fairground Flats	216	9/8/2022	33,670,000	33,670,000	-
Cornerstone Apartments Yukon	122	9/13/2022	22,885,000	22,885,000	-
			$258,295,000	$173,725,128	$117,744,091

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's line of credit agreement with the Federal Home Loan Bank (FHLBank) has a term of one day with automatic daily renewals subject to FHLBank discretion not to renew. The agreement requires monthly interest payments at a daily rate set based on the FHLBank's cost of funds rate (3.15% and 0.26% at September 30, 2022 and 2021, respectively) and is collateralized by investment securities. As of September 30, 2022 and 2021, 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, 2022 and 2021, the amount available under this line of credit was $45,279,602 and $49,010,961, respectively.

Bonds and notes payable and changes for the fiscal years ended 2022 and 2021, are as follows:

Single Family Bond Program	Issued	Interest Rate Range on Outstanding		Maturity Through	Ending Balance September 30, 2020	Additions	Reductions	Ending Balance September 30, 2021	Additions	Reductions	Ending Balance September 30, 2022	Amount Due in One Year
1991 A&B	11/1/1991	7.35%	n/a	11/1/2024	$ 40,548	$ -	$ 31,772	$ 8,776	$ -	$ 8,776	$ -	$ -
2011 A	5/19/2011	n/a	n/a	n/a	2,745,000	-	2,745,000	-	-	-	-	-
2011 B	11/4/2011	n/a	n/a	n/a	15,520,000	-	15,520,000	-	-	-	-	-
2012 A	12/5/2012	2.89%	5.00%	3/1/2041	35,105,000	-	7,380,000	27,725,000	-	3,985,000	23,740,000	-
2013 A&B	4/30/2013	n/a	n/a	n/a	17,885,000	-	17,885,000	-	-	-	-	-
2013 C&D	10/30/2013	3.35%	3.75%	3/1/2044	19,702,649	-	4,176,360	15,526,289	-	2,745,448	12,780,841	568,415
2018 A	10/23/2018	2.45%	4.75%	9/1/2048	35,200,000	-	11,370,000	23,830,000	-	5,550,000	18,280,000	650,000
2019 A	8/29/2019	2.00%	5.00%	9/1/2049	62,615,000	-	14,620,000	47,995,000	-	12,090,000	35,905,000	1,175,000
2020 A	5/6/2020	1.40%	4.00%	3/1/2050	48,930,000	-	7,960,000	40,970,000	-	7,675,000	33,295,000	830,000
2020 B	12/10/2020	0.30%	3.25%	9/1/2050	-	30,000,000	1,300,000	28,700,000	-	2,655,000	26,045,000	1,410,000
2022 A	6/29/2022	1.80%	5.00%	3/1/2052	-	-	-	-	40,000,000	-	40,000,000	530,000
Total Single Family Bond Programs					237,743,197	30,000,000	82,988,132	184,755,065	40,000,000	34,709,224	190,045,841	5,163,415
Agency line of Credit			3.15%	Daily	-	217,300,000	217,300,000	-	98,800,000	98,800,000	-	-
Total bonds and notes payable					237,743,197	247,300,000	300,288,132	184,755,065	138,800,000	133,509,224	190,045,841	5,163,415
Unamortized premium					8,856,347	1,194,905	2,348,306	7,702,946	995,581	1,485,365	7,213,162	
Total bonds and notes payable including unamortized premium					$ 246,599,544	$ 248,494,905	$ 302,636,438	$ 192,458,011	$ 139,795,581	$ 134,994,589	$ 197,259,003	$ 5,163,415

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

	2023	2024	2025	2026	2027	2028-2032	2033-2037	2038-2042	2043-2047	2048-2052	Total
2022:											
Principal and interest	$ 11,674	$ 15,079	$ 15,347	$ 15,289	$ 15,035	$ 55,707	$ 54,383	$ 46,066	$ 38,757	$ 17,700	$ 285,037
Less interest	6,511	6,350	6,067	5,758	5,426	24,060	19,096	13,349	7,144	1,230	94,991
Total principal	$ 5,163	$ 8,729	$ 9,280	$ 9,531	$ 9,609	$ 31,647	$ 35,287	$ 32,717	$ 31,613	$ 16,470	190,046
Unamortized premium											7,213
							Bonds and notes payable				$ 197,259

	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

Note 8 – Retirement Plans

Employees hired prior to July 1, 1997, who elect not to be covered by the Oklahoma Public Employees Defined Benefit Pension 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. For September 30, 2022 and 2021, retirement expense for the OHFA plan was $102,162 and $129,276, respectively.

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 (PATHFINDER). Under this plan, members choose a contribution rate which will be matched by OHFA up to 7%. For September 30, 2022 and 2021, retirement expense for the PATHFINDER plan was $395,826 and $202,154, respectively.

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/2021/11/2021_ACFR_OPERS_FINAL.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 2022 and 2021, state agency employers contributed 16.5% on all salary, and state employees contributed 3.5% on all salary.

For the years ended September 30, 2022 and 2021, OHFA contributed approximately $874,000 and $823,000, respectively, to the OPERS Plan.

Actuarial methods and assumptions

The total pension (asset) liability for June 30, 2021 and 2020, was determined based on actuarial valuations prepared as of July 1, 2021, using the following actuarial assumptions:

- Investment return – 6.5% for 2021 and 2020 compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.25% for 2021 and 2020
- Mortality rates – In 2021, Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward two years.
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.5% for 2021 and 2020
- Payroll Growth – 3.25% for 2021 and 2020
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2021 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:

2021

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%	

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%	

Discount rate

The discount rate used to measure the total pension liability was 6.5% for 2021 and 2020, 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 (asset) liability to changes in the discount rate

The following schedule presents the OHFA portion of the OPERS pension (asset) liability calculated using the discount rate of 6.5% for 2021 and 2020, as well as what OHFA's pension (asset) 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 (asset) liability as of June 30, 2021 and 2020, per the respective OPERS schedule of employer allocations and collective pension amounts.

	2021		
	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 (asset) liability	$ (396,490)	$ (4,270,783)	$ (7,545,478)

	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 (asset) liability	$ 6,298,802	$ 2,675,690	$ (385,792)

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

At September 30, 2022 and 2021, respectively, OHFA reported an (asset) liability of $(4,270,783) and $2,675,690 for its proportionate share of the OPERS net pension (asset) liability. For the years ended September 30, 2022 and 2021, OHFA recognized pension (income) expense of $(338,172) and $1,619,177, respectively.

The net pension (asset) liability was measured as of June 30, 2021 and 2020, and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by actuarial valuations as of those dates. The employer's proportion of the net pension (asset) 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, 2020 through June 30, 2021, and the period July 1, 2019 through June 30, 2020.

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

	2022	2021
Agency's proportion of the net pension (asset) liability	0.32%	0.30%
Agency's proportionate share of the net pension (asset) liability	$ (4,270,783)	$ 2,675,690
Agency's covered-employee payroll	$ 5,641,073	$ 5,334,545
Agency's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	75.71%	50.16%
Plan fiduciary net position as a percentage of the total pension (asset) liability	112.51%	91.59%

At September 30, 2022 and 2021, 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
2022:		
Change in proportionate share	$ 28,866	$ (67,999)
Change in assumptions	314,696	-
Differences between expected and actual economic experience	-	(107,385)
Difference between projected and actual investment earnings	-	(4,762,703)
Contributions paid to OPERS subsequent to the measurement date	799,851	-
	$ 1,143,413	$ (4,938,087)
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)

Deferred outflows of resources of $799,851 and $783,277 related to pensions as of September 30, 2022 and 2021, respectively, resulting from OHFA contributions subsequent to the measurement dates of June 30, 2021 and 2020, were recognized as an increase in the net pension (asset) or reduction of the net pension liability in the years ended September 30, 2022 and 2021.

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

Year Ended September 30, 2022	Pension Expense
2023	$ (976,019)
2024	(1,139,992)
2025	(1,167,448)
2026	(1,311,066)

Note 10 – 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/2021/11/2021_ACFR_OPERS_FINAL.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 2022 and 2021, state agency employers contributed 16.5% on all salary toward OPERS and HISP.

For the years ended September 30, 2022 and 2021, OHFA contributed approximately $56,000 and $58,000, respectively, to OPERS for the HISP.

Actuarial methods and assumptions

The total OPEB asset (liability) as of June 30, 2021 and 2020, was determined based on actuarial valuations prepared as of July 1, 2021, using the following actuarial assumptions:

- Investment return – 6.5% for 2021 and 2020 compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.25% for 2021 and 2020
- Mortality rates – In 2021, Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward two years.
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.5% for 2021 and 2020
- Payroll Growth – 3.25% for 2021 and 2020
- Actuarial cost method – entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2021 and July 1, 2020, 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:

2021		
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%	

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%	

Discount rate

The discount rate used to measure the total OPEB (asset) liability was 6.5% net of investment expenses for 2021 and 2020, 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) liability calculated using the discount rates of 6.5% for 2021 and 2020, as well as what OHFA's OPEB (asset) 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 (asset) liability as of June 30, 2021 and 2020, per the respective OPERS schedule of employer allocations and collective OPEB amounts.

	2021		
	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)	$ (328,954)	$ (437,472)	$ (530,484)

	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)

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

At September 30, 2022 and 2021, OHFA reported assets of $437,472 and $140,607, respectively, for its proportionate share of the OPERS net OPEB (asset) liability. For the years ended September 30, 2022 and 2021, OHFA recognized OPEB (revenue) expense of $(56,288) and $(7,706), respectively.

The net OPEB (asset) liability was measured as of June 30, 2021 and 2020, respectively, and the total OPEB (asset) 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, 2020 through June 30, 2021, and July 1, 2019 through June 30, 2020.

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

	2022	2021
Agency's proportion of the net OPEB liability (asset)	0.32%	0.30%
Agency's proportionate share of the net OPEB liability (asset)	$ (437,472)	$ (140,607)
Plan fiduciary net position as a percentage of the total OPEB asset or liability	142.87%	114.27%

At September 30, 2022 and 2021, 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
2022:		
Change in proportionate share	$ 3,071	$ (8,586)
Differences between expected and actual economic experience	-	(141,810)
Changes in actuarial assumptions	38,893	-
Difference between projected and actual investment earnings		(124,563)
Contributions paid to OPERS subsequent to the measurement date	51,453	-
	$ 93,417	$ (274,959)
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)

Deferred outflows of resources of $54,453 and $54,938 related to OPEB as of September 30, 2022 and 2021, 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
2023	$ (60,916)
2024	(56,892)
2025	(53,951)
2026	(50,937)
2027	(10,298)

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.

Note 13 – Subsequent Event

In December 2022, OHFA issued $50,000,000 of bonds (Series 2022B) to purchase mortgage-backed securities originated under the Agency's Single Family Mortgage Revenue Bond Program. The bonds have interest rates ranging from 3.10% to 6.25% and maturities ranging from September 2023 to September 2053.

REQUIRED SUPPLEMENTAL INFORMATION

OKLAHOMA HOUSING FINANCE AGENCY

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

Last Eight Fiscal Years[(1)]

	2022	2021	2020	2019	2018	2017	2016	2015
OHFA's proportion of the net pension (asset) liability	0.31820207%	0.29991057%	0.30404844%	0.27042901%	0.27571479%	0.24714034%	0.23478392%	0.25492617%
OHFA's proportionate share of the net pension (asset) liability	$ (4,270,783)	$ 2,675,690	$ 404,956	$ 527,453	$ 1,490,688	$ 2,352,317	$ 844,480	$ 467,953
OHFA's covered payroll	$ 5,641,073	$ 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 (asset) liability as a percentage of its covered payroll	75.71%	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 (asset) liability	112.51%	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 eight fiscal years are presented because ten-year data is not readily available.

OKLAHOMA HOUSING FINANCE AGENCY

SCHEDULE OF OHFA'S PENSION CONTRIBUTIONS

Last Eight Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 874,352	$ 822,509	$ 800,230	$ 698,746	$ 741,664	$ 709,245	$ 721,759	$ 690,554
Contributions in relation to the contractually required contributions	874,352	822,509	800,230	698,746	741,664	709,245	721,759	690,554
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OHFA's covered payroll	$ 5,641,073	$ 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%	15.4%	16.5%	16.5%	16.5%

Only the last eight 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 Five Fiscal Years[1]

	2022	2021	2020	2019	2018
OHFA's proportion of the net OPEB liability (asset)	0.31820207%	0.29991057%	0.30404844%	0.27042901%	0.27571479%
OHFA's proportionate share of the net OPEB liability (asset)	$ (437,472)	$ (140,607)	$ (118,198)	$ (34,996)	$ 31,580
OHFA's covered payroll	$ 5,641,073	$ 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	7.76%	2.64%	2.28%	0.77%	0.66%
OPERS' fiduciary net position as a percentage of the total OPEB asset or liability	142.87%	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.

OKLAHOMA HOUSING FINANCE AGENCY

SCHEDULE OF OHFA'S OPEB CONTRIBUTIONS

Last Five Fiscal Years

	2022	2021	2020	2019	2018
Contractually required contribution	$ 56,425	$ 57,691	$ 56,991	$ 51,598	$ 51,912
Contributions in relation to the contractually required required contributions	56,425	57,691	56,991	51,598	51,912
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
OHFA's covered payroll	$ 5,641,073	$ 5,334,545	$ 5,195,297	$ 4,547,539	$ 4,809,522
Contributions as a percentage of covered payroll	1.00%	1.08%	1.10%	1.13%	1.08%

Only the last five 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, 2022

	1991 Series A & B	1994 Master Indenture Accumulation Fund	2009 Series C NIBP Master Indenture	2012 Series A 2009 C-4	2013 Series C & D	2018 Master Indenture Special Program Fund
Assets						
Noncurrent assets:						
Cash and cash equivalents	$ -	$ 531,787	$ 287,767	$ 464,777	$ 1,238,282	$ 2,633,395
Investments	-	8,835,502	7,763,283	19,145,602	13,723,092	52,275,339
Interest receivable	-	40,019	22,807	59,354	49,959	167,109
Total assets	-	9,407,308	8,073,857	19,669,733	15,011,333	55,075,843
Liabilities						
Current liabilities:						
Accounts payable - other	-	-	-	10,155	5,145	-
Interest payable	-	-	-	76,366	38,103	-
Current maturities of bonds and notes payable	-	-	-	-	568,415	-
Total current liabilities	-	-	-	86,521	611,663	-
Noncurrent liabilities:						
Bonds and notes payable, less current maturities	-	-	-	25,081,966	12,212,426	-
Total liabilities	-	-	-	25,168,487	12,824,089	-
Net Position						
Restricted for Single Family Bond Programs	$ -	$ 9,407,308	$ 8,073,857	$ (5,498,754)	$ 2,187,244	$ 55,075,843

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION (continued)

September 30, 2022

	2018 Series A	2019 Series A	2020 Series A	2020 Series B	2022 Series A	Total Single Family Bond Programs
Assets						
Noncurrent assets:						
Cash and cash equivalents	$ 613,662	$ 1,882,665	$ 391,241	$ 708,176	$ 476,295	$ 9,228,047
Investments	18,224,989	29,351,137	32,563,062	20,636,835	42,967,606	245,486,447
Interest receivable	73,495	104,613	102,887	54,177	151,749	826,169
Total assets	18,912,146	31,338,415	33,057,190	21,399,188	43,595,650	255,540,663
Liabilities						
Current liabilities:						
Accounts payable - other	6,433	11,176	12,273	8,898	-	54,080
Interest payable	61,660	110,671	86,117	42,835	129,095	544,847
Current maturities of bonds and notes payable	650,000	1,175,000	830,000	1,410,000	530,000	5,163,415
Total current liabilities	718,093	1,296,847	928,390	1,461,733	659,095	5,762,342
Noncurrent liabilities:						
Bonds and notes payable, less current maturities	18,230,309	36,855,121	33,577,809	25,672,375	40,465,582	192,095,588
Total liabilities	18,948,402	38,151,968	34,506,199	27,134,108	41,124,677	197,857,930
Net Position						
Restricted for Single Family Bond Programs	$ (36,256)	$ (6,813,553)	$ (1,449,009)	$ (5,734,920)	$ 2,470,973	$ 57,682,733

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, 2022

	1991 Series A & B	1994 Master Indenture Accumulation Fund	2009 Series C NIBP Master Indenture	2012 Series A 2009 C-4	2013 Series C & D	2018 Master Indenture Special Program Fund
Operating Revenues						
Investment income	$ 224	$ 627,135	$ 261,252	$ 883,458	$ 731,523	$ 1,788,528
Net decrease in fair value of investments	(29)	(1,119,996)	(1,392,937)	(3,568,275)	(2,492,813)	(8,553,908)
Total operating revenues	195	(492,861)	(1,131,685)	(2,684,817)	(1,761,290)	(6,765,380)
Operating Expenses						
Interest on bonds and notes payable	263	-	-	774,294	502,742	-
Mortgage servicing fees	17	60,911	39,883	114,128	82,141	270,001
Trustees, issuer and other fees	1	1,200	-	158,697	82,125	-
Bond issue costs	-	-	-	-	-	-
Other general and administrative	-	-	2,160	-	-	-
Total operating expenses	281	62,111	42,043	1,047,119	667,008	270,001
Operating income (loss) before transfers	(86)	(554,972)	(1,173,728)	(3,731,936)	(2,428,298)	(7,035,381)
Equity transfers in (out)	(144)	(7,069,519)	255,705	74,117	(329,822)	5,164,197
Operating transfers in (out)	-	-	-	(4,404)	-	-
Decrease in net position	(230)	(7,624,491)	(918,023)	(3,662,223)	(2,758,120)	(1,871,184)
Total net position, beginning of year	230	17,031,799	8,991,880	(1,836,531)	4,945,364	56,947,027
Total net position, end of year	$ -	$ 9,407,308	$ 8,073,857	$ (5,498,754)	$ 2,187,244	$ 55,075,843

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, 2022

	2018 Series A	2019 Series A	2020 Series A	2020 Series B	2022 Series A	Total Single Family Bond Programs
Operating Revenues						
Investment income	$ 863,077	$ 1,093,093	$ 1,163,099	$ 738,023	$ 297,552	$ 8,446,964
Net decrease in fair value of investments	(2,421,145)	(5,066,601)	(5,825,688)	(4,226,930)	(782,172)	(35,450,494)
Total operating revenues	(1,558,068)	(3,973,508)	(4,662,589)	(3,488,907)	(484,620)	(27,003,530)
Operating Expenses						
Interest on bonds and notes payable	638,717	773,238	864,282	430,349	395,889	4,379,774
Mortgage servicing fees	103,578	184,664	193,712	136,681	6,097	1,191,813
Trustees, issuer and other fees	102,132	182,652	193,226	138,715	6,861	865,609
Bond issue costs	-	-	-	-	445,759	445,759
Other general and administrative	-	-	-	-	46,110	48,270
Total operating expenses	844,427	1,140,554	1,251,220	705,745	900,716	6,931,225
Operating income (loss) before transfers	(2,402,495)	(5,114,062)	(5,913,809)	(4,194,652)	(1,385,336)	(33,934,755)
Equity transfers in (out)	117,509	570,664	(688,174)	(1,950,842)	3,856,309	-
Operating transfers in (out)	-	-	-	-	-	(4,404)
Increase (decrease) in net position	(2,284,986)	(4,543,398)	(6,601,983)	(6,145,494)	2,470,973	(33,939,159)
Total net position, beginning of year	2,248,730	(2,270,155)	5,152,974	410,574	-	91,621,892
Total net position, end of year	$ (36,256)	$ (6,813,553)	$ (1,449,009)	$ (5,734,920)	$ 2,470,973	$ 57,682,733

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION

September 30, 2022

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Assets				
Current assets:				
Cash and cash equivalents	$ -	$ 115,846,012	$ -	$ 115,846,012
Investments	-	686,188	-	686,188
Accounts receivable (net of an allowance for doubtful accounts of $1,655,285)	-	81,244	(54,080)	27,164
Accounts receivable - U.S. Department of Housing and Urban Development	-	1,254,917	-	1,254,917
Hedging receivable	-	842,263	-	842,263
Prepaid expenses	-	625,814	-	625,814
Interest receivable	-	169,996	-	169,996
Total current assets	-	119,506,434	(54,080)	119,452,354
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	9,228,047	-	-	9,228,047
Investments	245,486,447	-	-	245,486,447
Interest receivable	826,169	-	-	826,169
Program loans receivable	-	3,991,882	-	3,991,882
OPEB asset	-	437,472	-	437,472
Long-term investments	-	52,687,723	-	52,687,723
Nondepreciated capital assets	-	10,470,977	-	10,470,977
Capital assets, net	-	3,237,770	-	3,237,770
Pension asset	-	4,270,783	-	4,270,783
Total noncurrent assets	255,540,663	75,096,607	-	330,637,270
Total assets	255,540,663	194,603,041	(54,080)	450,089,624
Deferred outflows of resources:				
Pension	-	1,143,413	-	1,143,413
OPEB	-	93,417	-	93,417
Total deferred outflows of resources	-	1,236,830	-	1,236,830

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION (continued)

September 30, 2022

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Liabilities				
Current liabilities:				
Salaries and related expenses	-	718,178	-	718,178
Accounts Payable - U.S. Department of Housing and Urban Development	-	637,719	-	637,719
Accounts payable - Family Self Sufficiency Program	-	469,348	-	469,348
Accounts payable - other	54,080	1,807,719	(54,080)	1,807,719
Unearned revenue	-	81,059,532	-	81,059,532
Compensated absences	-	993,222	-	993,222
Interest payable	544,847	69,602	-	614,449
Current maturities of bonds and notes payable	5,163,415	-	-	5,163,415
Total current liabilities	5,762,342	85,755,320	(54,080)	91,463,582
Noncurrent liabilities:				
Bonds and notes payable, less current maturities	192,095,588	-	-	192,095,588
Total noncurrent liabilities	192,095,588	-	-	192,095,588
Total liabilities	197,857,930	85,755,320	(54,080)	283,559,170
Deferred inflows of resources:				
Pension	-	4,938,087	-	4,938,087
OPEB	-	274,959	-	274,959
Accumulated increase in fair value of hedging derivatives	-	842,263	-	842,263
Total deferred inflows of resources	-	6,055,309	-	6,055,309
Net Position				
Invested in capital assets	-	13,708,747	-	13,708,747
Restricted for Single Family Bond Programs	57,682,733	-	-	57,682,733
Restricted for Section 8 and Emergency Housing Voucher Programs	-	422,156	-	422,156
Unrestricted	-	89,898,339	-	89,898,339
Total net position	$ 57,682,733	$ 104,029,242	$ -	$ 161,711,975

OKLAHOMA HOUSING FINANCE AGENCY

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

Year ended September 30, 2022

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Operating Revenues				
Investment income	$ 8,446,964	$ 1,618,289	$ -	$ 10,065,253
Program loan income	-	106,998	-	106,998
Net decrease in fair value of investments	(35,450,494)	(8,638,843)	-	(44,089,337)
Realized gain on sale of investments	-	1,992,434	-	1,992,434
Fees and other income	-	20,048,711	(837,150)	19,211,561
Total operating revenues	(27,003,530)	15,127,589	(837,150)	(12,713,091)
Operating Expenses				
Interest on bonds and notes payable	4,379,774	4,470	-	4,384,244
Mortgage servicing fees	1,191,813	-	-	1,191,813
Trustees, issuer and other fees	865,609	-	(837,150)	28,459
Bond issue costs	445,759	-	-	445,759
Salaries and related expenses	-	10,271,100	-	10,271,100
Other general and administrative	48,270	4,466,316	-	4,514,586
Total operating expenses	6,931,225	14,741,886	(837,150)	20,835,961
Operating income (loss)	(33,934,755)	385,703	-	(33,549,052)
Nonoperating revenues (expenses):				
Federal and state program revenues	-	154,779,181	-	154,779,181
Federal and state program expenses	-	(156,483,250)	-	(156,483,250)
Total nonoperating loss	-	(1,704,069)	-	(1,704,069)
Income (loss) before transfers	(33,934,755)	(1,318,366)	-	(35,253,121)
Transfers	(4,404)	4,404	-	-
Decrease in net position	(33,939,159)	(1,313,962)	-	(35,253,121)
Total net position, beginning of year	91,621,892	105,343,204	-	196,965,096
Total net position, end of year	$ 57,682,733	$ 104,029,242	$ -	$ 161,711,975

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS

Year ended September 30, 2022

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Cash Flows from Operating Activities				
Receipts from fees	$ -	$ 17,305,277	$ (837,150)	$ 16,468,127
Receipts from program loan payments	-	2,922,516	-	2,922,516
Receipts from other sources	-	79,468,522	-	79,468,522
Payments to employees	-	(10,615,695)	-	(10,615,695)
Payments to suppliers	-	(1,184,069)	-	(1,184,069)
Payment for purchases of program loans	-	(858,078)	-	(858,078)
Payments for bond fees	(1,205,340)	-	-	(1,205,340)
Payments for trustee and other fees	(913,879)	-	837,150	(76,729)
Net cash provided by (used in) operating activities	(2,119,219)	87,038,473	-	84,919,254
Cash Flows from Noncapital Financing Activities				
Proceeds from issuance of bonds and notes payable	40,995,581	98,800,000	-	139,795,581
Principal paid on bonds and notes payable	(36,194,589)	(98,800,000)	-	(134,994,589)
Interest received (paid) on bonds and notes payable	(4,343,383)	64,522	-	(4,278,861)
Payment of bond issuance costs	(445,759)	-	-	(445,759)
Receipt of federal and state program revenues	-	154,779,181	-	154,779,181
Payment of federal and state program expenses	-	(156,483,250)	-	(156,483,250)
Transfers	(4,404)	4,404	-	-
Net cash provided by (used in) noncapital financing activities	7,446	(1,635,143)	-	(1,627,697)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	(9,047,284)	-	(9,047,284)
Net cash used in capital and related financing activities	-	(9,047,284)	-	(9,047,284)
Cash Flows from Investing Activities				
Purchase of investments	(88,854,893)	(374,266,372)	-	(463,121,265)
Proceeds from sales and maturities of investments	76,771,801	371,827,369	-	448,599,170
Interest received on investments	8,389,671	1,777,074	-	10,166,745
Net cash provided by investing activities	(3,693,421)	(661,929)	-	(4,355,350)
Net increase (decrease) in cash and cash equivalents	(5,805,194)	75,694,117	-	69,888,923
Cash and cash equivalents, beginning of year	15,033,241	40,151,895	-	55,185,136
Cash and cash equivalents, end of year	$ 9,228,047	$ 115,846,012	$ -	$ 125,074,059
Cash and Cash Equivalents as Reported in Statement of Net Position				
Unrestricted	$ -	$ 115,846,012	$ -	$ 115,846,012
Restricted	9,228,047	-	-	9,228,047
	$ 9,228,047	$ 115,846,012	$ -	$ 125,074,059

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS (continued)

Year ended September 30, 2022

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ (33,934,755)	$ 385,703	$ -	$ (33,549,052)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	586,941	-	586,941
Interest from investments	(8,446,964)	(1,618,289)	-	(10,065,253)
Bond issue costs	445,759	-	-	445,759
Net decrease in fair value of investments	35,450,494	8,638,843	-	44,089,337
Realized loss (gain) on sale of investments	-	(2,277,957)	-	(2,277,957)
Interest on bonds and notes payable	4,379,774	4,471	-	4,384,245
Change in operating assets, liabilities, deferred outflows, and deferred inflows:				
Accounts receivable and HUD receivable	-	(93,596)	-	(93,596)
Hedging receivable/payable	-	(893,866)	-	(893,866)
Prepaid expenses	-	310,706	-	310,706
Program loans receivable	-	1,957,440	-	1,957,440
OPEB asset	-	(296,865)	-	(296,865)
Pension asset	-	(4,270,783)	-	(4,270,783)
Accounts payable and accrued expenses	(13,527)	1,309,512	-	1,295,985
Unearned revenue	-	79,226,735	-	79,226,735
Pension payable	-	(2,675,690)	-	(2,675,690)
Deferred outflows	-	1,021,263	-	1,021,263
Deferred inflows	-	5,870,177	-	5,870,177
Compensated absences	-	(146,272)	-	(146,272)
Net cash provided by (used in) operating activities	$ (2,119,219)	$ 87,038,473	$ -	$ 84,919,254

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, 2022, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2023.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 24, 2023