OHFA

OKLAHOMA HOUSING FINANCE AGENCY

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

SEPTEMBER 30, 2023 and 2022

WITH

INDEPENDENT AUDITOR'S REPORTS

HoganTaylor LLP

CPAs + ADVISORS

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HoganTaylor LLP
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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, 2023 and 2022, 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, 2023 and 2022, 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 (asset) liability on page 37, the schedule of OHFA's pension contributions on page 38, the schedule of OHFA's proportionate share of the net Other Postemployment Employee Benefits (OPEB) liability (asset) on page 39, and the schedule of OHFA's OPEB contributions on page 40 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 37 through 49 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, 2024, 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, 2024

OKLAHOMA HOUSING FINANCE AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

September 30, 2023 and 2022

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, 2023 and 2022. 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 answer 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. These statements help 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. These statements report 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, 2023

- Total assets increased by $357.7 million.
- Total liabilities increased by $365.9 million.
- Net position increased by $0.6 million.
- Made 2,030 single family mortgage loans available to first-time homebuyers compared to 1,988 in 2022.
- Provided 120,455 unit months of Section 8 rental assistance compared to 118,065 in 2022.
- Paid $69.1 million in rental assistance to benefit Section 8 voucher holders compared to $60.6 million in 2022.
- Paid $81.3 million in rental assistance to project-based Section 8 properties compared to $79.5 million in 2022.
- Received $215.0 million in appropriated funds from the Oklahoma Legislature for development and creation of a new housing loan program, the Homeowner Stability fund. The program will begin operation in fiscal 2024. This represents the first State Appropriated dollars OHFA has received in over 20 years.

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.

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 2023 duties consisted of 165 properties, totaling 12,357 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 a temporary program 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. Eligible expenses to be paid with HAF funds include mortgage restatement, principal reduction, delinquent real estate taxes, restoration of homeowner insurance, and delinquent homeowner association dues.

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

	2023	2022	2021
Assets			
Current assets	$ 287.4	$ 119.5	$ 42.6
Noncurrent assets:			
Restricted	417.4	255.1	284.7
Net capital assets	18.7	13.7	5.5
Unrestricted	84.3	61.8	63.1
Total assets	807.8	450.1	395.9
Deferred Outflows	4.3	1.2	2.3
Liabilities			
Current liabilities	284.1	91.5	11.8
Noncurrent liabilities	365.4	192.1	189.2
Total liabilities	649.5	283.6	201.0
Deferred Inflows	0.3	6.0	0.2
Net Position			
Invested in capital assets	18.7	13.7	5.5
Restricted for single family bond programs	48.6	57.7	91.6
Restricted for Section 8 and Emergency Housing Voucher Programs	0.1	0.4	2.1
Unrestricted	94.9	89.9	97.8
Total net position	$ 162.3	$ 161.7	$ 197.0

Explanations of significant variances between 2023 and 2022 on the condensed statements of net position follow:

The increase in total assets of $357.7 million is primarily due to the net effect of four factors: 1) OHFA having cash and unearned revenues of $215.0 million relating to the new Housing Stability Fund that was appropriated by the State Legislature in mid-2023, 2) an $11.4 million negative market value adjustment on OHFA investments as of September 30, 2023, caused by significant increases in market interest rates, which causes the value of fixed interest rate investments to decline, 3) an increase in cash and investments related to the Agency issuing four new Single Family Bond series for $190.0 million during FY 2023 against $20.0 million in paydowns on bonds outstanding, for a net increase in cash and investments of $170.0 million and 4) defined benefit pension asset of $4.3 million from the prior year moving to a liability in the current year.

The increase in total liabilities of $365.9 million is primarily due to the net effect of three factors: 1) OHFA receiving $215.0 million relating to the new Housing Stability Fund which was appropriated by the State Legislature in mid-2023 that were not on hand as of September 30, 2022, and are deferred, and 2) the Agency bonds payable increasing due to net new debt of $176.2 million as the result of four new bond issues totaling $190.0 million, net of paydowns on outstanding bonds, and 3) a decrease in deferred revenues of $30.2 million for the HAF due to funds being expended for program purposes.

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 $0.3 million due to receiving $0.3 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 $0.1 million and $0.4 million, respectively, as of September 30, 2023 and 2022.

The increase in Agency General Fund unrestricted net position (including investment in capital assets) of $10.0 million is due to $10.0 million in net operating income (excluding Single Family Bond Programs).

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 HAF 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 HAF 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 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).

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

	2023	2022	2021
Operating and Nonoperating Revenues			
Investments and program loans	$ 18.2	$ 10.2	$ 10.6
Net decrease in fair value of investments	(11.4)	(44.1)	(3.6)
Gain on sale of investments	3.9	2.0	5.9
Fees and other income	21.1	19.2	17.2
Federal and state program income	192.1	154.8	149.7
Total revenues	223.9	142.1	179.8
Operating and Nonoperating Expenses			
Interest on bonds and notes	9.6	4.4	4.7
Other bond program expenses	3.5	1.7	1.7
Salaries, general and administrative	17.7	14.8	14.3
Federal and state program expenses	192.5	156.5	147.7
Total expenses	223.3	177.4	168.4
Increase (decrease) in net position	0.6	(35.3)	11.4
Net position at beginning of year	161.7	197.0	185.6
Net position at end of year	$ 162.3	$ 161.7	$ 197.0

Explanations of significant fluctuations between 2023 and 2022 in revenues, expenses, and changes in net position follow:

The net decrease in the fair value of investments of $11.4 million for 2023 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 $3.9 million in 2023 and $2.0 million in 2022 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 $37.3 million due primarily to the net effect of a $1.8 million increase in the Section 8 Contract Administration Program revenues, a $0.4 million decrease in the HOME Investment Partnership Program revenues, a $2.3 million increase in National Housing Trust Fund revenues, a $0.1 million decrease in the Emergency Housing Voucher (EHV) program, a $10.2 million increase in the Section 8 Voucher Program revenues, and due to a $23.3 million increase in the HAF revenues due to varying availability of federal program funding and activity.

Interest expense on bonds and notes payable increased by $5.2 million in 2023 from 2022. The increase in interest expense is due to bonds and notes payable balances trending upward during 2023 due to four new bond issues totaling $190.0 million of new debt.

Federal program expenses increased by $36.0 million due primarily to the net effect of a $1.8 million increase in the Section 8 Contract Administration Program expenses, a $0.4 million decrease in the HOME Investment Partnership Program expenses, a $2.2 million increase in National Housing Trust Fund expenses, a $0.3 million increase in the EHV program expenses, a $8.5 million increase in the Section 8 Voucher Program expenses and a $23.3 million increase in the HAF expenses due to varying availability of federal program funding and activity.

The increase in net position of $0.6 million from $161.7 million in 2022 to $162.3 million in 2023 is primarily due to an almost $1.0 million operating profit and a $.04 million decrease in net position due to OHFA receiving $0.4 million less in nonoperating federal program revenues than federal program expenses.

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 EHV program, a $2.9 million decrease in the Section 8 Voucher Program revenues, and due to a $4.6 million increase in the new HAF 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 EHV program expenses, a $0.3 million increase in the Section 8 Voucher Program expenses, and a $4.6 million increase in the new HAF 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 operating profit excluding net decrease in fair value of investments and 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.

Capital Assets and Long-Term Debt Administration

Capital assets

As of September 30, 2023 and 2022, the Agency had invested $18.7 million and $13.7 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, 2023, the Agency had $373.5 million in bonds and notes payable outstanding, which is an increase of 89.3% from last year's amount of $197.3 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, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 285,127,088	$ 115,846,012
Investments	209,786	686,188
Accounts receivable (net of an allowance for doubtful accounts of $1,728,779 and $1,655,285 for 2023 and 2022, respectively)	61,139	27,164
Accounts receivable - U.S. Department of Housing and Urban Development	919,368	1,254,917
Hedging receivable	-	842,263
Prepaid expenses	727,109	625,814
Interest receivable	363,050	169,996
Total current assets	287,407,540	119,452,354
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	44,415,704	9,228,047
Investments	371,284,517	245,071,458
Interest receivable	1,704,885	826,169
Program loans receivable (net of an allowance for bad debts of $1,378,458 and $106,627 for 2023 and 2022, respectively)	16,299,522	4,951,522
OPEB asset	313,654	437,472
Long-term investments	67,664,187	52,143,072
Nondepreciated capital assets	550,000	10,470,977
Capital assets, net	18,132,845	3,237,770
Pension asset	-	4,270,783
Total noncurrent assets	520,365,314	330,637,270
Total assets	807,772,854	450,089,624
Deferred outflows of resources:		
Pension	4,039,942	1,143,413
OPEB	194,566	93,417
Accumulated decrease in fair value of hedging derivatives	32,039	-
Total deferred outflows	4,266,547	1,236,830

See notes to basic financial statements.

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF NET POSITION (continued)

September 30, 2023 and 2022

	2023	2022
Liabilities		
Current liabilities:		
Salaries and related expenses	734,470	718,178
Accounts payable - U.S. Department of Housing and Urban Development	1,005,579	637,719
Accounts payable - Family Self Sufficiency Program	688,737	469,348
Accounts payable - other	1,081,648	1,807,719
Hedging payable	32,039	-
Unearned revenue	267,036,405	81,059,532
Compensated absences	1,125,734	993,222
Interest payable	1,479,809	614,449
Current maturities of bonds and notes payable	10,911,990	5,163,415
Total current liabilities	284,096,411	91,463,582
Noncurrent liabilities:		
Pension liability	2,817,100	-
Bonds and notes payable, less current maturities	362,543,571	192,095,588
Total noncurrent liabilities	365,360,671	192,095,588
Total liabilities	649,457,082	283,559,170
Deferred inflows of resources:		
OPEB	171,493	274,959
Accumulated increase in fair value of hedging derivatives	-	842,263
Pension	142,861	4,938,087
Total deferred inflows of resources	314,354	6,055,309
Net Position		
Invested in capital assets	18,682,845	13,708,747
Restricted for Single Family Bond Programs	48,640,591	57,682,733
Restricted for Section 8 and Emergency Housing Voucher Programs	48,028	422,156
Unrestricted	94,896,501	89,898,339
Total net position	$ 162,267,965	$ 161,711,975

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended September 30, 2023 and 2022

	2023	2022
Operating Revenues		
Investment income	$ 18,137,370	$ 10,065,253
Program loan income	82,938	106,998
Net decrease in fair value of investments	(11,401,830)	(44,089,337)
Realized gain on sale of investments	3,935,767	1,992,434
Fees and other income	21,092,147	19,211,561
Total operating revenues	31,846,392	(12,713,091)
Operating Expenses		
Interest on bonds and notes payable	9,610,701	4,384,244
Mortgage servicing fees	1,492,458	1,191,813
Trustees, issuer and other fees	57,272	28,459
Bond issue costs	1,990,462	445,759
Salaries and related expenses	11,851,778	10,271,100
Other general and administrative	5,900,327	4,514,586
Total operating expenses	30,902,998	20,835,961
Operating income (loss)	943,394	(33,549,052)
Nonoperating revenue (expense):		
Federal and state program revenue	192,085,631	154,779,181
Federal and state program expense	(192,473,035)	(156,483,250)
Total nonoperating expense	(387,404)	(1,704,069)
Increase (decrease) in net position	555,990	(35,253,121)
Total net position, beginning of year	161,711,975	196,965,096
Total net position, end of year	$ 162,267,965	$ 161,711,975

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF CASH FLOWS

Years ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Receipts from fees	$ 209,256,043	$ 16,468,127
Receipts from program loan payments	1,513,227	2,922,516
Receipts from other sources	395,194	79,468,522
Payments to employees	(11,702,974)	(10,615,695)
Payments to suppliers	(7,735,191)	(1,184,069)
Payments for purchases of program loans	(12,778,289)	(1,817,714)
Payments for bond fees	(1,448,405)	(1,205,340)
Payments for trustee and other fees	(686,805)	(76,729)
Net cash provided by operating activities	176,812,800	83,959,618
Cash Flows from Noncapital Financing Activities		
Proceeds from issuance of bonds and notes payable	493,020,031	139,795,581
Principal paid on bonds and notes payable	(316,823,473)	(134,994,589)
Interest paid on bonds and notes payable	(8,745,341)	(4,278,861)
Payment of bond issuance costs	(1,990,462)	(445,759)
Receipt of federal and state program revenues	192,085,631	154,779,181
Payment of federal and state program expenses	(192,473,035)	(156,483,250)
Net cash provided by (used in) noncapital financing activities	165,073,351	(1,627,697)
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(5,769,200)	(9,047,284)
Cash Flows from Investing Activities		
Purchase of investments	(586,374,439)	(462,161,629)
Proceeds from sales and maturities of investments	437,660,621	448,599,170
Interest received on investments	17,065,600	10,166,745
Net cash used in investing activities	(131,648,218)	(3,395,714)
Net increase in cash	204,468,733	69,888,923
Cash and cash equivalents, beginning of year	125,074,059	55,185,136
Cash and cash equivalents, end of year	$ 329,542,792	$ 125,074,059
Cash and Cash Equivalents as Reported in Statement of Net Position		
Unrestricted	$ 285,127,088	$ 115,846,012
Restricted	44,415,704	9,228,047
	$ 329,542,792	$ 125,074,059

See notes to basic financial statements.

OKLAHOMA HOUSING FINANCE AGENCY

STATEMENTS OF CASH FLOWS (continued)

Years ended September 30, 2023 and 2022

	2023	2022
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	$ 943,394	$ (33,549,052)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	785,085	586,941
Interest from investments	(18,137,370)	(10,065,253)
Bond issue costs	1,990,462	445,759
Net decrease in fair value of investments	11,401,830	44,089,337
Realized gain on sale of investments	(3,935,767)	(2,277,957)
Interest on bonds and notes payable	9,610,701	4,384,245
Change in operating assets, liabilities, deferred outflows, and deferred inflows:		
Accounts receivable	257,521	(93,596)
Hedging receivable/payable	874,302	(893,866)
Prepaid expenses	(101,295)	310,706
Program loans receivable	(11,348,000)	997,804
OPEB asset	123,818	(296,865)
Pension asset	4,270,783	(4,270,783)
Accounts payable and accrued expenses	(78,477)	1,295,985
Unearned revenue	185,976,873	79,226,735
Pension liability	2,817,100	(2,675,690)
Deferred outflows	(3,029,717)	1,021,263
Deferred inflows	(5,740,955)	5,870,177
Compensated absences	132,512	(146,272)
Net cash provided by operating activities	$ 176,812,800	$ 83,959,618

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. Since 2021, the Agency has administered Treasury's Homeowner Assistance Fund.

In summer 2023, OHFA received $215 million of State appropriated funds to develop and implement the Homeowner Stability Program (HSP). HSP is to provide revolving no or low interest construction loans for the construction of single family homes and multifamily rental housing and to also provide down payment and closing cost assistance statewide, with 75% of the funds to be utilized in rural Oklahoma. The Agency is working through the State's Administrative Rules process and expects the program to be implemented in fiscal year 2024. For fiscal year 2023, these funds are reported in the Statement of Net Position as unearned revenue.

OHFA also administers certain other federal and state programs.

Note 2 – Summary of Significant Accounting Policies

Financial statement presentation

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

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

Basis of accounting

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

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

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

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

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

Cash and cash equivalents

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

Investments

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

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

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

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

Without consideration of the net change in the fair value of investments, OHFA's net operating income would have been $12,345,224 and $10,540,285 for the years ended September 30, 2023 and 2022, 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, Oklahoma Housing Trust Fund loan(s) secured by mortgages, and down payment and closing cost second mortgages related to Single Family Program activities. These loans are reported at cost. Based on management's evaluation of program loans receivable, a 10% allowance was deemed necessary on the second mortgages as of September 30, 2023 and 2022.

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, 2023 and 2022, were $785,085 and $586,941, 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 2022 financial statements to conform with the 2023 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, 2024, the date the financial statements were available to be issued. New conduit debt and single family mortgage revenue bonds were issued subsequent to year-end, see footnote 13.

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, 2023 and 2022, the Agency was not exposed to custodial credit risk.

As of September 30, 2023 and 2022, $44,517,559 and $9,235,079, 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 deposit 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:

	2023				
		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	$ 40,266,625	$ -	$ 5,990	$ 40,260,635	Level 2
FNMA pooled loans	13,527,737	-	-	13,527,737	Level 2
Certificates of deposit	209,786	209,786	-	-	Level 2
Government bonds	13,869,825	-	13,869,825	-	Level 2
Total investments in securities	67,873,973	$ 209,786	$ 13,875,815	$ 53,788,372	
Single Family Bond Programs:					
GNMA pooled loans	327,775,620				Level 2
FNMA pooled loans	43,508,897				Level 2
Total investments	$ 439,158,490				

	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
Certificates of deposit	686,188	686,188	-	-	Level 2
Total investments in securities	52,829,260	$ 686,188	$ 9,212	$ 52,133,860	
Single Family Bond Programs:					
GNMA pooled loans	199,396,749				Level 2
FNMA pooled loans	25,265,708				Level 2
Guaranteed investment contracts	20,409,001				Level 3
Total investments	$ 297,900,718				

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:

	2023	2022
Current:		
Agency General Fund	$ 209,786	$ 686,188
Noncurrent:		
Restricted - Single Family Bond Programs	371,284,517	245,071,458
Agency General Fund	67,664,187	52,143,072
Total noncurrent	438,948,704	297,214,530
Total investments	$ 439,158,490	$ 297,900,718

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:

	2023			2022		
	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	$ 40,266,625	*	9.2%	$ 38,670,090	*	13.0%
FNMA pooled loans	13,527,737		3.1%	13,472,982		4.5%
Certificates of deposit	209,786		0.0%	686,188		0.2%
Government bonds	13,869,825		3.2%	-		0.0%
	67,873,973		15.5%	52,829,260		17.7%
Single Family Bond Programs:						
GNMA pooled loans	327,775,620	*	74.6%	199,396,749	*	66.9%
FNMA pooled loans	43,508,897	*	9.9%	25,265,708	*	8.5%
Guaranteed investment contracts	-		0.0%	20,409,001	*	6.9%
	371,284,517		84.5%	245,071,458		82.3%
Total investments	$ 439,158,490		100.0%	$ 297,900,718		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, 2023, are as follows:

Forward Contracts to Sell TBA Mortgage-Backed Securities	**Notional Amount September 30, 2023**	**Trade Date**	**Delivery Date**	**Coupon Rate**	**Net Fair Values as Reported in the Statement of Net Position at September 30, 2023**
BofA Securities Inc					
GNMA II	$ 2,400,000	8/8/2023	10/23/2023	6.50%	$ 15,563
GNMA II	1,000,000	8/9/2023	10/23/2023	6.50%	6,406

Forward Contracts to Sell TBA Mortgage-Backed Securities	Notional Amount September 30, 2023	Trade Date	Delivery Date	Coupon Rate	Net Fair Values as Reported in the Statement of Net Position at September 30, 2023
BMO Capital Markets Corp					
GNMA II	1,000,000	7/31/2023	10/23/2023	6.50%	7,344
GNMA II	1,200,000	9/15/2023	11/20/2023	7.00%	(4,126)
GNMA II	1,000,000	9/18/2023	11/20/2023	7.00%	(2,773)
GNMA II	1,000,000	9/27/2023	12/20/2023	7.00%	(4,336)
BNY Mellon Capital Markets LLC					
GNMA II	1,300,000	9/18/2023	10/23/2023	6.50%	6,703
GNMA II	1,400,000	9/26/2023	12/20/2023	7.00%	(5,742)
BOK Financial Corp					
GNMA II	1,000,000	7/21/2023	10/23/2023	6.50%	7,188
GNMA II	2,000,000	7/25/2023	10/23/2023	6.50%	14,688
GNMA II	1,200,000	7/26/2023	10/23/2023	6.50%	8,719
GNMA II	3,600,000	8/22/2023	10/23/2023	7.00%	(29,814)
GNMA II	2,000,000	8/23/2023	11/20/2023	7.00%	(12,500)
GNMA II	3,200,000	8/24/2023	11/20/2023	7.00%	(17,750)
GNMA II	1,600,000	8/28/2023	11/20/2023	7.00%	(4,000)
GNMA II	4,500,000	9/8/2023	11/20/2023	7.00%	(22,500)
GNMA II	1,000,000	9/11/2023	11/20/2023	6.50%	4,688
GNMA II	5,400,000	9/11/2023	11/20/2023	7.00%	(27,000)
GNMA II	300,000	9/18/2023	10/23/2023	6.50%	1,547
GNMA II	(400,000)	9/19/2023	10/23/2023	6.50%	(1,875)
GNMA II	1,200,000	9/19/2023	11/20/2023	7.00%	(3,563)
GNMA II	1,000,000	9/28/2023	12/20/2023	7.00%	(3,125)
Jefferies LLC					
GNMA II	1,800,000	9/13/2023	11/20/2023	7.00%	(3,938)
GNMA II	4,000,000	9/18/2023	10/23/2023	6.50%	15,625
GNMA II	1,800,000	9/25/2023	12/20/2023	7.00%	(5,273)
Piper Sandler & Co					
GNMA II	2,200,000	7/24/2023	10/23/2023	6.50%	17,961
GNMA II	1,000,000	7/27/2023	10/23/2023	6.50%	3,594
GNMA II	1,000,000	8/10/2023	10/23/2023	6.50%	6,250
	$ 49,700,000				
Total deferred outflows of resources accumulated decrease in fair value of hedging derivatives					$ (32,039)

Outstanding forward sales contracts as of September 30, 2022, are as follows:

Forward Contracts to Sell TBA Mortgage-Backed Securities	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
BofA Securities Inc					
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
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
BNY Mellon Capital Markets LLC					
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
BOK Financial Corp					
GNMA II	4,000,000	9/16/2022	10/20/2022	5.00%	91,875
Jefferies LLC					
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 & Co					
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

Note 4 – Program Loans Receivable

Program loans receivable consists of the following at September 30:

	2023	2022
Agency general fund:		
Workforce housing pilot program, American Opportunity Partners LLC, bearing interest at 2%, ten-year term, maturing August 2029	$ 3,893,403	$ 3,991,882
Single family second mortgages (net of allowance of $704,107 and $60,517 for 2023 and 2022 respectively) bearing interest at 0%.	6,336,959	544,651
	10,230,362	4,536,533
Single Family Bond Programs:		
Single family second mortgages (net of allowance of $674,351 and $46,110 for 2023 and 2022 respectively) bearing interest at 0%.	6,069,160	414,989
Total program loans	$ 16,299,522	$ 4,951,522

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, 2023 and 2022, were $18,056,620 and $14,061,124, respectively.

Note 5 – Capital Assets

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

	2023				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 550,000	$ -	$ -	$ -	$ 550,000
Construction in progress	9,920,977	4,381,386	-	(14,302,363)	-
Total capital assets not being depreciated	10,470,977	4,381,386	-	(14,302,363)	550,000
Capital assets being depreciated:					
Furniture and equipment	5,172,548	717,858	(645,077)	-	5,245,329
Buildings	2,073,056	671,059	-	14,302,363	17,046,478
Improvements	696,397		-	-	696,397
Total capital assets being depreciated	7,942,001	1,388,917	(645,077)	14,302,363	22,988,204
Less accumulated depreciation:					
Furniture and equipment	(3,259,984)	(540,960)	633,955	-	(3,166,989)
Building	(1,088,354)	(197,159)	-	-	(1,285,513)
Improvements	(355,893)	(46,964)	-	-	(402,857)
Total accumulated depreciation	(4,704,231)	(785,083)	633,955	-	(4,855,359)

	2023				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Total capital assets being depreciated	3,237,770	603,834	(11,122)	14,302,363	18,132,845
Capital assets, net	$ 13,708,747	$ 4,985,220	$ (11,122)	$ -	$ 18,682,845

	2022				
	Beginning Balance	Additions	Retirements	Transfers	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

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, 2023	Outstanding Balance September 30, 2022
New Page	136	3/18/2016	$ 21,000,000	$ 6,927,427	$ 7,030,574
Highland Trails	100	4/27/2018	9,000,000	5,321,727	5,420,391
The Curve	240	12/21/2018	25,000,000	25,000,000	25,000,000
Stillwater Springs	120	7/24/2019	12,000,000	7,584,588	7,679,163
The Village at a New Leaf	62	5/14/2021	5,400,000	-	5,400,000
North Pointe Apartments	184	12/20/2021	14,620,000	14,620,000	14,620,000
Country Club Gardens	353	12/29/2021	30,500,000	30,500,000	30,500,000
Chisholm Springs of Spencer	70	7/13/2022	13,000,000	5,550,841	13,000,000
Duncan Plaza	105	8/11/2022	8,520,000	8,470,000	8,520,000
Fairground Flats	216	9/8/2022	33,670,000	33,670,000	33,670,000
Cornerstone Apartments Yukon	122	9/13/2022	22,885,000	22,885,000	22,885,000
The Gates of Oklahoma City	120	1/31/2023	17,000,000	17,000,000	-
Rising Sun Apartments	224	6/21/2023	27,000,000	27,000,000	-
Pioneer Plaza Apartments	191	6/27/2023	25,989,000	25,989,000	-
			$ 265,584,000	$ 230,518,583	$ 173,725,128

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 (5.49% and 3.15% at September 30, 2023 and 2022, respectively) and is collateralized by investment securities. As of September 30, 2023 and 2022, 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, 2023 and 2022, the amount available under this line of credit was $45,777,829 and $45,279,602, respectively.

Bonds and notes payable and changes for the fiscal years ended 2023 and 2022, are as follows:

Single Family Bond Program	Issued	Interest Rate Range on Outstanding Amount		Maturity Through	Ending Balance September 30, 2021	Additions	Reductions	Ending Balance September 30, 2022	Additions	Reductions	Ending Balance September 30, 2023	Amount Due in One Year
1991 A&B	11/1/1991	n/a	n/a	n/a	$ 8,776	$ -	$ 8,776	$ -	$ -	$ -	$ -	$ -
2012 A	12/5/2012	2.89%	5.00%	3/1/2041	27,725,000	-	3,985,000	23,740,000	-	2,180,000	21,560,000	2,290,000
2013 C&D	10/30/2013	3.35%	3.75%	3/1/2044	15,526,289	-	2,745,448	12,780,841	-	2,170,025	10,610,816	511,990
2018 A	10/23/2018	2.60%	4.75%	9/1/2048	23,830,000	-	5,550,000	18,280,000	-	2,530,000	15,750,000	640,000
2019 A	8/29/2019	2.00%	5.00%	9/1/2049	47,995,000	-	12,090,000	35,905,000	-	4,190,000	31,715,000	1,230,000
2020 A	5/6/2020	1.55%	4.00%	3/1/2050	40,970,000	-	7,675,000	33,295,000	-	3,740,000	29,555,000	870,000
2020 B	12/10/2020	0.40%	3.25%	9/1/2050	28,700,000	-	2,655,000	26,045,000	-	2,910,000	23,135,000	1,430,000
2022 A	6/29/2022	2.00%	5.00%	3/1/2052	-	40,000,000	-	40,000,000	-	1,740,000	38,260,000	1,435,000
2022 B	12/7/2022	3.20%	6.25%	9/1/2053	-	-	-	-	50,000,000	435,000	49,565,000	830,000
2023 A	4/20/2023	2.70%	6.00%	3/1/2054	-	-	-	-	40,000,000	75,000	39,925,000	605,000
2023 B	7/11/2023	3.25%	5.75%	9/1/2053	-	-	-	-	50,000,000	-	50,000,000	710,000
2023 C	9/21/2023	3.40%	6.00%	3/1/2054	-	-	-	-	50,000,000	-	50,000,000	360,000
Total Single Family Bond Programs					184,755,065	40,000,000	34,709,224	190,045,841	190,000,000	19,970,025	360,075,816	10,911,990
Agency line of credit			5.49%	daily	-	98,800,000	98,800,000	-	296,100,000	296,100,000	-	-
Total bonds and notes payable					184,755,065	138,800,000	133,509,224	190,045,841	486,100,000	316,070,025	360,075,816	10,911,990
Unamortized premium					7,702,946	995,581	1,485,365	7,213,162	6,920,031	753,448	13,379,745	-
Total bonds and notes payable including unamortized premium					$ 192,458,011	$ 139,795,581	$ 134,994,589	$ 197,259,003	$ 493,020,031	$ 316,823,473	$ 373,455,561	$ 10,911,990

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

	2024	2025	2026	2027	2028	2029-2033	2034-2038	2039-2043	2044-2048	2049-2053	2054	Total
2023:												
Principal and interest	$ 26,052	$ 26,891	$ 26,851	$ 26,614	$ 22,914	$ 115,057	$ 112,064	$ 102,621	$ 99,328	$ 74,500	$ 809	$ 633,701
Less interest	15,140	14,926	14,532	14,110	13,715	64,171	54,784	43,321	28,892	10,010	24	273,625
Total principal	$ 10,912	$ 11,965	$ 12,319	$ 12,504	$ 9,199	$ 50,886	$ 57,280	$ 59,300	$ 70,436	$ 64,490	$ 785	360,076
Unamortized premium												13,380
								Bonds and notes payable				$ 373,456

	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

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, 2023 and 2022, retirement expense for the OHFA plan was $90,764 and $102,162, 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, 2023 and 2022, retirement expense for the PATHFINDER plan was $482,737 and $395,826, 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/2022/12/ACFR-2022-OPERS.pdf; P.O. Box 53007, Oklahoma City, OK 73152-3007; and telephone (800) 733-9008.

Benefits provided

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

Contributions

The contribution rates for each member category of the plan are established by the Oklahoma Legislature after recommendation by the OPERS Board of Trustees based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to Internal Revenue Service (IRS) limitations on compensation. The following contribution rates were in effect for State, County, and Local Agency Employees: for 2023 and 2022, state agency employers contributed 16.5% on all salary, and state employees contributed 3.5% on all salary.

For the years ended September 30, 2023 and 2022, OHFA contributed approximately $947,000 and $874,000, respectively, to the OPERS Plan.

Actuarial methods and assumptions

The total pension (asset) liability for June 30, 2022 and 2021, was determined based on actuarial valuations prepared as of July 1, 2022, using the following actuarial assumptions:

- Investment return – 6.5% for 2022 and 2021 compounded annually net of investment expense and including inflation
- Salary increases – 3.25% to 9.25% for 2022 and 2021
- Mortality rates – In 2022 and 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 2022 and 2021
- Payroll Growth – 3.25% for 2022 and 2021
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – ten years

The actuarial assumptions used in the July 1, 2022 valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ended 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 weighing 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 used in the June 30, 2019 experience study, are summarized in the following table:

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'l 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 pension liability was 6.5% for 2022 and 2021, 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 2022 and 2021, 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, 2022 and 2021, per the respective OPERS schedule of employer allocations and collective pension amounts.

	2022		
	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	$ 6,904,726	$ 2,817,100	$ (639,847)

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

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

At September 30, 2023 and 2022, respectively, OHFA reported an (asset) liability of $2,817,100 and $(4,270,783) for its proportionate share of the OPERS net pension (asset) liability. For the years ended September 30, 2023 and 2022, OHFA recognized pension (income) expense of $204,429 and $(338,172), respectively.

The net pension (asset) liability was measured as of June 30, 2022 and 2021, 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, 2021 through June 30, 2022, and the period July 1, 2020 through June 30, 2021.

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:

	2023	2022
Agency's proportion of the net pension (asset) liability	0.34%	0.32%
Agency's proportionate share of the net pension (asset) liability	$ 2,817,100	$ (4,270,783)
Agency's covered-employee payroll	$ 6,076,376	$ 5,641,073

	2023	2022
Agency's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	46.36%	75.71%
Plan fiduciary net position as a percentage of the total pension liability	92.24%	112.51%

At September 30, 2023 and 2022, 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
2023:		
Change in proportionate share	$ 274,740	$ (13,701)
Changes in actuarial assumptions	-	-
Differences between expected and actual economic experience	-	(129,160)
Difference between projected and actual investment earnings	2,956,902	-
Contributions paid to OPERS subsequent to the measurement date	808,300	-
	$ 4,039,942	$ (142,861)
2022:		
Change in proportionate share	$ 28,866	$ (67,999)
Changes in actuarial 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)

Deferred outflows of resources of $808,300 and $799,851 related to pensions as of September 30, 2023 and 2022, respectively, resulting from OHFA contributions subsequent to the measurement dates of June 30, 2022 and 2021, were recognized as an increase in the net pension (asset) or reduction of the net pension liability in the years ended September 30, 2023 and 2022.

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,	Pension Expense
2024	$ 613,580
2025	492,670
2026	301,570
2027	1,680,961

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/2022/12/ACFR-2022-OPERS.pdf; P.O. Box 53007, Oklahoma City, OK 73152-3007; and telephone (800) 733-9008.

Benefits provided

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

Contributions

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

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to IRS limitations on compensation. Only employers contribute to the HISP. The following contribution rates were in effect for State, County, and Local Agency Employees: for 2023 and 2022, state agency employers contributed 16.5% on all salary toward OPERS and HISP.

For both of the years ended September 30, 2023 and 2022, OHFA contributed approximately $56,000 to OPERS for the HISP.

Actuarial methods and assumptions

The total OPEB asset (liability) as of June 30, 2022 and 2021, was determined based on actuarial valuations prepared as of July 1, 2022, using the following actuarial assumptions:

- Investment return – 6.5% for 2022 and 2021 compounded annually net of investment expense and including inflation
- Salary increases – 3.25% to 9.25% for 2022 and 2021
- Mortality rates – In 2022 and 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 2022 and 2021
- Payroll Growth – 3.25% for 2022 and 2021
- Actuarial cost method – entry age
- Select period for the termination of employment assumptions – ten years

The actuarial assumptions used in the July 1, 2022 and July 1, 2021, valuations are based on the results of the most recent actuarial experience study, which covered the three-year period ended 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 weighing 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 used in the June 30, 2019 experience study, are summarized in the following table:

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'l 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 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and 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 2022 and 2021, 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, 2022 and 2021, per the respective OPERS schedule of employer allocations and collective OPEB amounts.

	2022		
	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 asset	$ (202,462)	$ (313,654)	$ (408,925)

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

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

At September 30, 2023 and 2022, OHFA reported assets of $313,654 and $437,472, respectively, for its proportionate share of the OPERS net OPEB (asset) liability. For the years ended September 30, 2023 and 2022, OHFA recognized OPEB (revenue) expense of $(32,424) and $(56,288), respectively.

The net OPEB (asset) liability was measured as of June 30, 2022 and 2021, 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, 2021 through June 30, 2022, and July 1, 2020 through June 30, 2021.

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:

	2023	2022
Agency's proportion of the net OPEB liability (asset)	0.34%	0.32%
Agency's proportionate share of the net OPEB liability (asset)	$ (313,654)	$ (437,472)
Plan fiduciary net position as a percentage of the total OPEB asset or liability	130.01%	142.87%

At September 30, 2023 and 2022, 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
2023:		
Change in proportionate share	$ 1,930	$ (14,788)
Differences between expected and actual economic experience	-	(156,705)
Changes in actuarial assumptions	26,484	-
Difference between projected and actual investment earnings	118,713	-
Contributions paid to OPERS subsequent to the measurement date	47,439	-
	$ 194,566	$ (171,493)
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)

Deferred outflows of resources of $47,439 and $51,453 related to OPEB as of September 30, 2023 and 2022, respectively, resulting from OHFA contributions subsequent to the measurement dates of June 30, 2022 and 2021, were recognized as a reduction of the net OPEB liability in the year ended September 30, 2022 and 2021.

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
2024	$ (17,919)
2025	(14,799)
2026	(11,594)
2027	31,172
2028	(11,226)

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 2023, OHFA issued $60,000,000 of bonds (Series 2023D) to purchase mortgage-backed securities originated under the Agency's Single Family Mortgage Revenue Bond Program. The bonds have interest rates ranging from 3.6% to 6.5% and maturities ranging from September 2024 to September 2054.

The Agency issued seven conduit debt multi-family mortgage revenue bonds subsequent to year-end totaling $111,391,000.

REQUIRED SUPPLEMENTAL INFORMATION

OKLAHOMA HOUSING FINANCE AGENCY

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

Last Nine Fiscal Years[(1)]

	2023	2022	2021	2020	2019	2018	2017	2016	2015
OHFA's proportion of the net pension (asset) liability	0.33514373%	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	$ 2,817,100	$ (4,270,783)	$ 2,675,690	$ 404,956	$ 527,453	$ 1,490,688	$ 2,352,317	$ 844,480	$ 467,953
OHFA's covered payroll	$ 6,076,376	$ 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	46.36%	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	92.24%	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 nine fiscal years are presented because ten-year data is not readily available.

OKLAHOMA HOUSING FINANCE AGENCY

SCHEDULE OF OHFA'S PENSION CONTRIBUTIONS

Last Nine Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 947,022	$ 874,352	$ 822,509	$ 800,230	$ 698,746	$ 741,664	$ 709,245	$ 721,759	$ 690,554
Contributions in relation to the contractually required contributions	947,022	874,352	822,509	800,230	698,746	741,664	709,245	721,759	690,554
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OHFA's covered payroll	$ 6,076,376	$ 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	15.6%	15.4%	15.4%	15.4%	15.4%	15.4%	16.5%	16.5%	16.5%

Only the last nine 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 Six Fiscal Years[(1)]

	2023	2022	2021	2020	2019	2018
OHFA's proportion of the net OPEB liability (asset)	0.33514373%	0.31820207%	0.29991057%	0.30404844%	0.27042901%	0.27571479%
OHFA's proportionate share of the net OPEB liability (asset)	$ (313,654)	$ (437,472)	$ (140,607)	$ (118,198)	$ (34,996)	$ 31,580
OHFA's covered payroll	$ 6,076,376	$ 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	5.16%	7.76%	2.64%	2.28%	0.77%	0.66%
OPERS' fiduciary net position as a percentage of the total OPEB asset or liability	130.01%	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.

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

OKLAHOMA HOUSING FINANCE AGENCY

SCHEDULE OF OHFA'S OPEB CONTRIBUTIONS

Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 55,580	$ 56,425	$ 57,691	$ 56,991	$ 51,598	$ 51,912
Contributions in relation to the contractually required contributions	55,580	56,425	57,691	56,991	51,598	51,912
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
OHFA's covered payroll	$ 6,076,376	$ 5,641,073	$ 5,334,545	$ 5,195,297	$ 4,547,539	$ 4,809,522
Contributions as a percentage of covered payroll	0.91%	1.00%	1.08%	1.10%	1.13%	1.08%

Only the last six 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, 2023

	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	2018 Series A	2019 Series A
Assets							
Noncurrent assets:							
Cash and cash equivalents	$ 156,600	$ 462,010	$ 414,450	$ 1,170,397	$ 1,778,631	$ 394,554	$ 678,918
Investments	6,276,002	7,757,581	16,462,295	11,227,239	51,448,566	15,826,568	25,752,803
Program loans	-	16,550	-	-	138,225	-	-
Interest receivable	31,343	26,343	53,510	45,151	188,636	67,417	95,806
Total assets	6,463,945	8,262,484	16,930,255	12,442,787	53,554,058	16,288,539	26,527,527
Liabilities							
Current liabilities:							
Accounts payable	-	-	9,651	4,789	-	6,391	10,657
Interest payable	-	-	69,340	31,658	-	52,895	97,258
Current maturities of bonds payable	-	-	2,290,000	511,990	-	640,000	1,230,000
Total current liabilities	-	-	2,368,991	548,437	-	699,286	1,337,915
Noncurrent liabilities:							
Bonds payable, less current maturities	-	-	20,488,735	10,098,826	-	15,627,224	32,362,126
Total liabilities	-	-	22,857,726	10,647,263	-	16,326,510	33,700,041
Net Position							
Restricted for single family bond programs	$ 6,463,945	$ 8,262,484	$ (5,927,471)	$ 1,795,524	$ 53,554,058	$ (37,971)	$ (7,172,514)

OKLAHOMA HOUSING FINANCE AGENCY

SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAMS

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION (continued)

September 30, 2023

	2020 Series A	2020 Series B	2022 Series A	2022 Series B	2023 Series A	2023 Series B	2023 Series C	Total Single Family Bond Programs
Assets								
Noncurrent assets:								
Cash and cash equivalents	$ 1,050,568	$ 287,004	$ 697,959	$ 731,788	$ 339,382	$ 192,134	$ 36,061,309	$ 44,415,704
Investments	27,379,415	17,871,990	32,677,131	50,387,736	34,466,035	44,473,993	29,277,163	371,284,517
Program loans	-	-	825,635	1,647,814	1,108,652	1,406,580	925,704	6,069,160
Interest receivable	92,809	49,035	144,525	243,202	169,284	287,821	210,003	1,704,885
Total assets	28,522,792	18,208,029	34,345,250	53,010,540	36,083,353	46,360,528	66,474,179	423,474,266
Liabilities								
Current liabilities:								
Accounts payable	11,750	7,976	12,665	20,404	13,850	-	-	98,133
Interest payable	76,367	38,443	124,124	216,818	160,984	200,853	211,241	1,279,981
Current maturities of bonds payable	870,000	1,430,000	1,435,000	830,000	605,000	710,000	360,000	10,911,990
Total current liabilities	958,117	1,476,419	1,571,789	1,067,222	779,834	910,853	571,241	12,290,104
Noncurrent liabilities:								
Bonds payable, less current maturities	29,672,809	22,626,469	37,777,274	50,002,721	41,341,714	51,113,445	51,432,228	362,543,571
Total liabilities	30,630,926	24,102,888	39,349,063	51,069,943	42,121,548	52,024,298	52,003,469	374,833,675
Net Position								
Restricted for single family bond programs	$ (2,108,134)	$ (5,894,859)	$ (5,003,813)	$ 1,940,597	$ (6,038,195)	$ (5,663,770)	$ 14,470,710	$ 48,640,591

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, 2023

	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	2018 Series A	2019 Series A
Operating Revenues							
Investment income	$ 460,297	$ 327,708	$ 785,774	$ 636,966	$ 2,202,285	$ 867,801	$ 1,237,785
Net decrease in fair value of investments	(178,096)	(233,461)	(363,046)	(206,027)	(1,313,856)	(533,377)	(710,711)
Total operating revenues	282,201	94,247	422,728	430,939	888,429	334,424	527,074
Operating Expenses							
Interest on bonds payable	-	-	746,976	408,609	-	615,060	986,233
Mortgage servicing fees	37,434	42,778	97,955	67,502	290,251	89,333	149,495
Trustees, issuer and other fees	1,200	-	138,654	69,861	-	91,606	152,563
Bond issue costs	-	-	-	-	-	-	-
Other general and administrative	-	3,131	-	-	15,358	-	-
Total operating expenses	38,634	45,909	983,585	545,972	305,609	795,999	1,288,291
Operating income (loss) before transfers	243,567	48,338	(560,857)	(115,033)	582,820	(461,575)	(761,217)
Equity transfers in (out)	(3,186,930)	140,289	136,398	(276,687)	(2,104,605)	459,860	402,256
Operating transfers in (out)	-	-	(4,258)	-	-	-	-
Increase (decrease) in net position	(2,943,363)	188,627	(428,717)	(391,720)	(1,521,785)	(1,715)	(358,961)
Total net position, beginning of year	9,407,308	8,073,857	(5,498,754)	2,187,244	55,075,843	(36,256)	(6,813,553)
Total net position, end of year	$ 6,463,945	$ 8,262,484	$ (5,927,471)	$ 1,795,524	$ 53,554,058	$ (37,971)	$ (7,172,514)

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, 2023

	2020 Series A	2020 Series B	2022 Series A	2022 Series B	2023 Series A	2023 Series B	2023 Series C	Total Single Family Bond Programs
Operating Revenues								
Investment income	$ 1,152,143	$ 657,068	$ 1,916,872	$ 2,516,875	$ 1,061,140	$ 731,780	$ 86,352	$ 14,640,846
Net decrease in fair value of investments	(452,189)	(441,709)	(1,475,908)	(1,757,533)	(845,268)	(583,871)	(335,163)	(9,430,215)
Total operating revenues	699,954	215,359	440,964	759,342	215,872	147,909	(248,811)	5,210,631
Operating Expenses								
Interest on bonds payable	867,748	374,254	1,489,705	2,128,084	861,589	535,609	211,240	9,225,107
Mortgage servicing fees	168,511	112,897	169,629	173,463	62,313	30,897	-	1,492,458
Trustees, issuer and other fees	170,704	114,995	104,368	31,568	21,665	7,493	6,278	910,955
Bond issue costs	-	-	-	536,254	452,103	495,786	506,319	1,990,462
Other general and administrative	-	-	45,627	183,091	123,183	156,287	102,856	629,533
Total operating expenses	1,206,963	602,146	1,809,329	3,052,460	1,520,853	1,226,072	826,693	14,248,515
Operating loss before transfers	(507,009)	(386,787)	(1,368,365)	(2,293,118)	(1,304,981)	(1,078,163)	(1,075,504)	(9,037,884)
Equity transfers in (out)	(152,116)	226,848	(6,106,421)	4,233,715	(4,733,214)	(4,585,607)	15,546,214	-
Operating transfers in (out)	-	-	-	-	-	-	-	(4,258)
Decrease in net position	(659,125)	(159,939)	(7,474,786)	1,940,597	(6,038,195)	(5,663,770)	14,470,710	(9,042,142)
Total net position, beginning of year	(1,449,009)	(5,734,920)	2,470,973	-	-	-	-	57,682,733
Total net position, end of year	$ (2,108,134)	$ (5,894,859)	$ (5,003,813)	$ 1,940,597	$ (6,038,195)	$ (5,663,770)	$ 14,470,710	$ 48,640,591

See independent auditor's report.

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION

September 30, 2023

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Assets				
Current assets:				
Cash and cash equivalents	$ -	$ 285,127,088	$ -	$ 285,127,088
Investments	-	209,786	-	209,786
Accounts receivable (net of an allowance for doubtful accounts of $1,728,779)	-	159,272	(98,133)	61,139
Accounts receivable - U.S. Department of Housing and Urban Development	-	919,368	-	919,368
Prepaid expenses	-	727,109	-	727,109
Interest receivable	-	363,050	-	363,050
Total current assets	-	287,505,673	(98,133)	287,407,540
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	44,415,704	-	-	44,415,704
Investments	371,284,517	-	-	371,284,517
Interest receivable	1,704,885	-	-	1,704,885
Program loans receivable (net of an allowance for bad debt of $1,378,458)	6,069,160	10,230,362	-	16,299,522
OPEB asset	-	313,654	-	313,654
Long-term investments	-	67,664,187	-	67,664,187
Nondepreciated capital assets	-	550,000	-	550,000
Capital assets, net	-	18,132,845	-	18,132,845
Total noncurrent assets	423,474,266	96,891,048	-	520,365,314
Total assets	423,474,266	384,396,721	(98,133)	807,772,854
Deferred outflows of resources:				
Pension	-	4,039,942	-	4,039,942
OPEB	-	194,566	-	194,566
Accumulated decrease in fair value of hedging derivatives	-	32,039	-	32,039
Total deferred outflows of resources	-	4,266,547	-	4,266,547

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF NET POSITION (continued)

September 30, 2023

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Liabilities				
Current liabilities:				
Salaries and related expenses	-	734,470	-	734,470
Accounts Payable - U.S. Department of Housing and Urban Development	-	1,005,579	-	1,005,579
Accounts payable - Family Self Sufficiency Program	-	688,737	-	688,737
Accounts payable - other	98,133	1,081,648	(98,133)	1,081,648
Hedging payable	-	32,039	-	32,039
Unearned revenue	-	267,036,405	-	267,036,405
Compensated absences	-	1,125,734	-	1,125,734
Interest payable	1,279,981	199,828	-	1,479,809
Current maturities of bonds and notes payable	10,911,990	-	-	10,911,990
Total current liabilities	12,290,104	271,904,440	(98,133)	284,096,411
Noncurrent liabilities:				
Pension liability	-	2,817,100	-	2,817,100
Bonds and notes payable, less current maturities	362,543,571	-	-	362,543,571
Total noncurrent liabilities	362,543,571	2,817,100	-	365,360,671
Total liabilities	374,833,675	274,721,540	(98,133)	649,457,082
Deferred inflows of resources:				
OPEB	-	171,493	-	171,493
Pension	-	142,861	-	142,861
Total deferred inflows of resources	-	314,354	-	314,354
Net Position				
Invested in capital assets	-	18,682,845	-	18,682,845
Restricted for Single Family Bond Programs	48,640,591	-	-	48,640,591
Restricted for Section 8 and Emergency Housing Voucher Programs	-	48,028	-	48,028
Unrestricted	-	94,896,501	-	94,896,501
Total net position	$ 48,640,591	$ 113,627,374	$ -	$ 162,267,965

OKLAHOMA HOUSING FINANCE AGENCY

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

Year ended September 30, 2023

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Operating Revenues				
Investment income	$ 14,640,846	$ 3,496,524	$ -	$ 18,137,370
Program loan income	-	82,938	-	82,938
Net decrease in fair value of investments	(9,430,215)	(1,971,615)	-	(11,401,830)
Realized gain on sale of investments	-	3,935,767	-	3,935,767
Fees and other income	-	21,945,830	(853,683)	21,092,147
Total operating revenues	5,210,631	27,489,444	(853,683)	31,846,392
Operating Expenses				
Interest on bonds and notes payable	9,225,107	385,594	-	9,610,701
Mortgage servicing fees	1,492,458	-	-	1,492,458
Trustees, issuer and other fees	910,955	-	(853,683)	57,272
Bond issue costs	1,990,462	-	-	1,990,462
Salaries and related expenses	-	11,851,778	-	11,851,778
Other general and administrative	629,533	5,270,794	-	5,900,327
Total operating expenses	14,248,515	17,508,166	(853,683)	30,902,998
Operating income (loss)	(9,037,884)	9,981,278	-	943,394
Nonoperating revenues (expenses):				
Federal and state program income	-	192,085,631	-	192,085,631
Federal and state program expenses	-	(192,473,035)	-	(192,473,035)
Total nonoperating loss	-	(387,404)	-	(387,404)
Income (loss) before transfers	(9,037,884)	9,593,874	-	555,990
Transfers	(4,258)	4,258	-	-
Increase (decrease) in net position	(9,042,142)	9,598,132	-	555,990
Total net position, beginning of year	57,682,733	104,029,242	-	161,711,975
Total net position, end of year	$ 48,640,591	$ 113,627,374	$ -	$ 162,267,965

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS

Year ended September 30, 2023

	Single Family Bond Programs	Agency General Fund	Eliminations	Combined Totals
Cash Flows from Operating Activities				
Receipts from fees	$ -	$ 210,109,726	$ (853,683)	$ 209,256,043
Receipts from program loan payments	659,350	7,167,398	(6,313,521)	1,513,227
Receipts from other sources	-	395,194	-	395,194
Payments to employees	-	(11,702,974)	-	(11,702,974)
Payments to suppliers	-	(7,735,191)	-	(7,735,191)
Payment for purchases of program loans	(6,313,521)	(12,778,289)	6,313,521	(12,778,289)
Payments for bond fees	(1,448,405)	-	-	(1,448,405)
Payments for trustee and other fees	(1,540,488)	-	853,683	(686,805)
Net cash provided by (used in) operating activities	(8,643,064)	185,455,864	-	176,812,800
Cash Flows from Noncapital Financing Activities				
Proceeds from issuance of bonds and notes payable	196,920,031	296,100,000	-	493,020,031
Principal paid on bonds and notes payable	(20,723,473)	(296,100,000)	-	(316,823,473)
Interest paid on bonds and notes payable	(8,489,973)	(255,368)	-	(8,745,341)
Payment of bond issuance costs	(1,990,462)	-	-	(1,990,462)
Receipt of federal and state program revenue	-	192,085,631	-	192,085,631
Payment of federal and state program expenses	-	(192,473,035)	-	(192,473,035)
Transfers	(4,258)	4,258	-	-
Net cash provided by (used in) noncapital financing activities	165,711,865	(638,514)	-	165,073,351
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	(5,769,200)	-	(5,769,200)
Cash Flows from Investing Activities				
Purchase of investments	(186,152,089)	(400,222,350)	-	(586,374,439)
Proceeds from sales and maturities of investments	50,508,815	387,151,806	-	437,660,621
Interest received on investments	13,762,130	3,303,470	-	17,065,600
Net cash used in investing activities	(121,881,144)	(9,767,074)	-	(131,648,218)
Net increase in cash	35,187,657	169,281,076	-	204,468,733
Cash and cash equivalents, beginning of year	9,228,047	115,846,012	-	125,074,059
Cash and cash equivalents, end of year	$ 44,415,704	$ 285,127,088	$ -	$ 329,542,792
Cash and Cash Equivalents as Reported in Statement of Net Position				
Unrestricted	$ -	$ 285,127,088	$ -	$ 285,127,088
Restricted	44,415,704	-	-	44,415,704
	$ 44,415,704	$ 285,127,088	$ -	$ 329,542,792

OKLAHOMA HOUSING FINANCE AGENCY

SUPPLEMENTAL COMBINING STATEMENT OF CASH FLOWS (continued)

Year ended September 30, 2023

	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)	$ (9,037,884)	$ 9,981,278	$ -	$ 943,394
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	785,085	-	785,085
Interest from investments	(14,640,846)	(3,496,524)	-	(18,137,370)
Bond issue costs	1,990,462	-	-	1,990,462
Net decrease in fair value of investments	9,430,215	1,971,615	-	11,401,830
Realized gain on sale of investments	-	(3,935,767)	-	(3,935,767)
Interest on bonds and notes payable	9,225,107	385,594	-	9,610,701
Change in operating assets, liabilities, deferred outflows, and deferred inflows:				
Accounts receivable & HUD receivable	-	257,521	-	257,521
Hedging receivable	-	874,302	-	874,302
Prepaid expenses	-	(101,295)	-	(101,295)
Program loans receivable	(5,654,171)	(5,693,829)	-	(11,348,000)
OPEB asset	-	123,818	-	123,818
Pension asset	-	4,270,783	-	4,270,783
Accounts payable and accrued expenses	44,053	(122,530)	-	(78,477)
Unearned revenue	-	185,976,873	-	185,976,873
Pension liability	-	2,817,100	-	2,817,100
Deferred outflows	-	(3,029,717)	-	(3,029,717)
Deferred inflows	-	(5,740,955)	-	(5,740,955)
Compensated absences	-	132,512	-	132,512
Net cash provided by (used in) operating activities	$ (8,643,064)	$ 185,455,864	$ -	$ 176,812,800

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, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2024.

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 or significant deficiencies 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, 2024