

December 31, 2023 and 2022

2023

# annual financial report



Homeownership  
Rental Housing  
Business Lending  
Community Partnerships



colorado housing and finance authority

# COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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executive letter (unaudited)

**Message from Cris White**  
**Executive Director and CEO**  
**March 28, 2024**

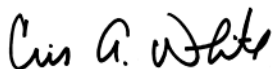
In 2023, Colorado Housing and Finance Authority (CHFA or the Authority) worked to fulfill its mission to strengthen Colorado by investing in affordable housing and community development. Amidst challenging and dynamic macroeconomic conditions, CHFA diligently invested in homeownership, affordable housing development and preservation, businesses, and mission-aligned nonprofit organizations throughout the state. In total, CHFA invested more than \$2.7 billion in 2023 to support:

- 5,671 Colorado households in achieving homeownership with CHFA home finance products;
- 6,395 affordable rental housing units to be developed or preserved with CHFA multifamily lending and/or Housing Tax Credits;
- 534 businesses and nonprofits in accessing capital, supporting more than 3,000 jobs; and
- 490 nonprofit organizations in growing capacity to meet local needs through grants, sponsorships, donations, or volunteerism.

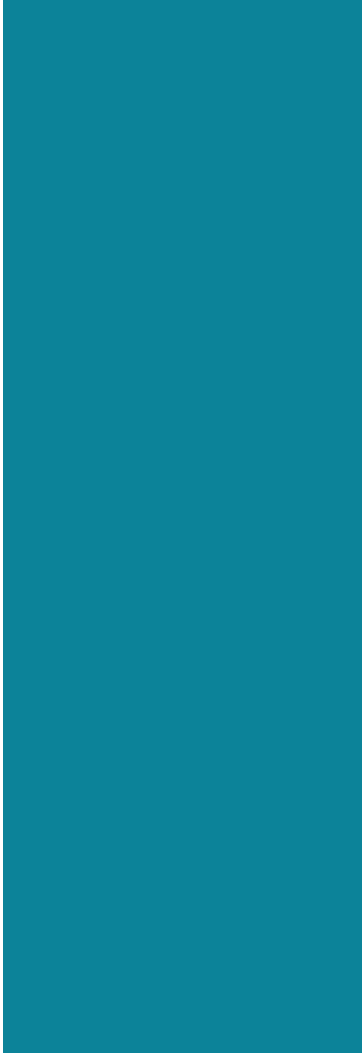
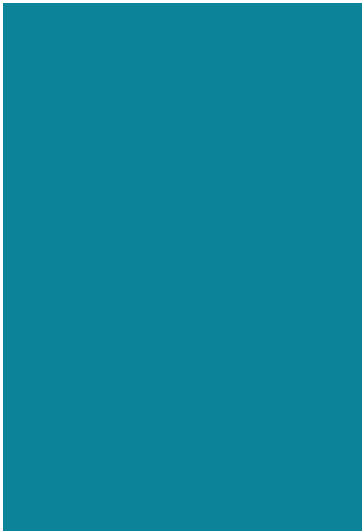
CHFA celebrated several milestones and accomplishments, including issuing \$1.5 billion in single family and multifamily housing bonds, placing CHFA first in the nation for single family bond issuances by a state housing finance agency, and second for combined single family and multifamily issuances. Other organizational milestones included \$510.8 million in total loan production for the preservation and development of affordable rental housing and \$120.0 million in business lending, both of which set new organizational records.

As new milestones were achieved within our core programs, CHFA worked diligently with the Office of Economic Development and International Trade (OEDIT) to implement new programs established by Proposition 123 to increase affordable housing across the state. This involved listening to feedback from more than 30 stakeholder events across Colorado, developing a dedicated website, and evaluating 113 Letters of Intent and 78 applications for Proposition 123 funding.

CHFA's dedication to its mission was evident throughout 2023, and I am proud of the strides made toward realizing our vision that everyone in Colorado will have the opportunity for housing stability and economic prosperity. As CHFA celebrates 50 years of strengthening Colorado, we look forward to sharing stories of impact and partnerships as we lay the foundation for future efforts.



Cris A. White  
Executive Director and CEO



independent auditor's report

## Independent Auditor's Report

Board of Directors  
Colorado Housing and Finance Authority

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of the Colorado Housing and Finance Authority (Authority) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 Controller 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 Authority 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 Authority'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 opinions. 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 Authority'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 Authority'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of selected pension and other postemployment benefit information, as listed in the table of contents, 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 GAAS, 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.

**Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are 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 GAAS. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual financial report. The other information comprises the executive letter but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024 on our consideration of the Authority'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 solely 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 the Authority'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 the Authority's internal control over financial reporting and compliance.

*RSM US LLP*

Denver, Colorado  
March 28, 2024





management's discussion  
and analysis (unaudited)



This section of Colorado Housing and Finance Authority's (the Authority) annual financial report presents management's discussion and analysis of the financial position and results of operations as of and for the years ended December 31, 2023 and 2022. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board (GASB).

The Authority is a body corporate and political subdivision of the State of Colorado (the State), that finances affordable housing, business and economic growth opportunities for residents and businesses of Colorado. Its dual mission is to increase the availability of affordable, decent and accessible housing for lower- and moderate-income Coloradans, and to strengthen the state's economy by providing financial assistance to businesses.

Established by the Colorado General Assembly in 1973, the Authority raises funds through the public and private sale of bonds and notes, which are not obligations of the State. As a self-sustaining organization, the Authority's operating revenues come from loan and investment income, program administration fees, loan servicing fees and gains on sales of loans. The Authority receives no tax appropriations, and its net revenues are reinvested in its programs and used to support bond ratings.

The Authority participates in the Government National Mortgage Association (Ginnie Mae) Mortgage Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and that are backed by pools of mortgage loans. Ginnie Mae securities, which can be held or sold, carry the full faith and credit guaranty of the United States government. Holders of the securities receive a "pass-through" of the principal and interest payments on a pool of mortgage loans, less amounts required to cover servicing costs and Ginnie Mae guaranty fees. The Ginnie Mae guaranty ensures that the holder of the security issued by the Authority receives the timely payment of scheduled monthly principal and any unscheduled recoveries of principal on the underlying mortgage loans, plus interest at the rate provided for in the securities. All loans pooled under the Ginnie Mae MBS Programs are either insured by the Federal Housing Administration (FHA) or are guaranteed by the United States Department of Agriculture (USDA) Rural Development or the Veterans Administration.

The Authority also participates in the Federal National Mortgage Association (Fannie Mae) MBS and Whole Loan Commitment Programs. Fannie Mae is a government-sponsored enterprise with a public mission to provide stability in, and to increase the liquidity of, the residential mortgage market for homebuyers. The Authority is a Fannie Mae Seller/Servicer, either selling whole loans to Fannie Mae for cash or swapping pooled loans for MBS issued by Fannie Mae, which securities can be held or sold.

The Authority also participates in the Federal Home Loan Mortgage Corporation (Freddie Mac) Whole Loan Commitment Program. Freddie Mac is a government-sponsored enterprise with a public mission to provide liquidity, stability and affordability to the nation's housing market. The Authority is a Freddie Mac Seller/Servicer, selling whole loans to Freddie Mac for cash.

### **Overview of the Financial Statements**

The basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes thereto. The Authority follows enterprise fund accounting, whereby changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. The financial statements offer information about the Authority's activities and operations.

The Statement of Net Position includes all of the Authority's assets and liabilities, presented in order of liquidity, along with deferred outflows and deferred inflows. The resulting net position presented in these statements is displayed as invested in capital assets, restricted or unrestricted. Net position is restricted when its use is subject to external limits such as bond indentures, legal agreements or statutes. Net position is unrestricted when there are no external limits on its use. The unrestricted net position is, however, formally designated for specific purposes by the Authority's Board of Directors each year.



All of the Authority's current year revenues and expenses are recorded in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the activities of the Authority's operations over the past year and presents the resulting change in net position.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments and net changes in cash resulting from operating, noncapital financing, capital and related financing and investing activities. The statement provides information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

The notes to basic financial statements provide additional information that is essential for a full understanding of the information provided in the financial statements.

Required and other supplementary information is presented following the notes to basic financial statements to provide selected pension and other post employment benefit (OPEB) information and other supplemental information, such as combining schedules for the Authority's programs. These programs are explained in greater detail below.

## **Programs**

**General Programs** – Insured and uninsured single family and multifamily loans have been made by the Authority using funds in its General Fund designated as the Community Impact Fund (CIF). Within the CIF resides the Authority's Housing Opportunity Fund (HOF Program). Under the HOF Program, the Authority makes fixed interest rate loans and provides interest rate subsidies to nonprofit and for profit developers in support of rental housing facilities targeted to support affordable rental housing. The Authority also makes loans to support its single family program, including down payment assistance loans, within the fund. All HOF loans must conform to standard Authority due diligence processes and underwriting criteria, unless waived in accordance with the Authority's standard process, and are secured by either first or second mortgages on real estate. Loan terms on HOF loans may range up to 40 years.

**Single Family Programs** – Under its Single Family Mortgage Programs, the Authority may purchase mortgage loans for single-family residential dwellings from qualified originating mortgage lenders, or may, under certain programs, provide loans directly to individual borrowers. The Authority presently acquires mortgage loans under its Non-Qualified Single Family Mortgage Program (taxable) and its Qualified Single Family Mortgage Program (tax exempt). Loans made under the qualified program are subject to certain income and purchase price limitations. The Authority permits eligible borrowers under its Non-Qualified Single Family Mortgage Program to meet certain income limits which are generally somewhat higher than the limits permitted for a Qualified Single Family Mortgage Program. There is no limit imposed by the Authority on prior home ownership or limit on the purchase price of a residence which may be acquired with the proceeds of a loan under the Non-Qualified Single Family Mortgage Program, although all such mortgage loans must meet any applicable loan limit.

**Multifamily Lending Programs** – The Multifamily Lending Programs provide financing to sponsors of affordable rental housing developments. Financing options include construction to permanent loans, permanent-only loans, acquisition loans, acquisition/rehabilitation loans and, in certain circumstances, refinancing of existing debt. Other financing structures may be considered, based upon the property characteristics and sub-market due diligence, as well as the demonstrated experience and financial capacity of the sponsor. The mortgages originated under the multifamily loan programs include a combination of insured and uninsured mortgages. The Authority is a Tier I lender under FHA's Section 542(c) of the Housing and Community Development Act of 1992, as amended, which provides insurance on multifamily loans and is a credit enhancement mechanism available only to qualified housing and finance agencies acting as the mortgage lender.

**Business Finance Programs** – The Authority originates uninsured loans as part of its direct business loan programs, including the Direct Loan Program, the Non-Profit Real Estate Loan Program, the U.S. Small Business Administration 504



Program, the Rural Loan Program, the Rural Development Loan Program and the RENEW (Recycling) Program. These business loans must meet certain economic development or job creation/retention objectives and are made to Colorado businesses to provide long-term, fixed rate financing for real estate and equipment. The uninsured direct business loans are generally secured by a first lien on the assets financed, are made in amounts up to 90% of the lesser of cost or appraised value of the collateral, are fully amortizing over terms of up to thirty years for real estate loans and seven years for equipment, and generally require guarantees from principals of the business having a 20% or greater ownership interest. A guaranty is also required from the operating company if different from the borrower. Some of the Authority's small business loans may carry credit enhancement by an agency or instrumentality of the United States under an insurance program requiring payment of not less than 50% of the principal amount of such mortgage in the event of default. Direct small business loans insured to date have utilized the USDA Rural Development guarantee programs.



## Financial Highlights

The following financial highlights section refers to the Authority's consolidated financial statements. The reader of this management's discussion and analysis section is encouraged to also review the Authority's combining schedules within the supplementary information section of this 2023 financial report.

### Condensed Summary of Net Position

(in thousands of dollars)

As of December 31,	2023	2022	2021
<b>Assets</b>			
Cash	\$ 169,745	\$ 173,618	\$ 316,907
Investments	3,256,398	2,010,447	1,878,657
Loans receivable, net	1,475,614	1,330,673	1,204,249
Loans receivable held for sale	120,987	95,836	224,422
Capital assets, net	11,403	11,931	12,539
Derivative instruments	53,493	69,029	-
Other assets	189,540	144,110	102,754
<b>Total assets</b>	<b>5,277,180</b>	<b>3,835,644</b>	<b>3,739,528</b>
<b>Deferred outflows of resources</b>			
Accumulated fair value of hedging derivatives	31,695	24,513	80,250
Pension and OPEB contributions and investment earnings	12,941	3,328	4,893
Refundings of debt	878	896	952
<b>Total deferred outflows of resources</b>	<b>45,514</b>	<b>28,737</b>	<b>86,095</b>
<b>Liabilities</b>			
Bonds, notes payable and short-term debt	4,216,117	2,856,096	2,617,483
Derivative instruments and related borrowings	2,905	3,680	71,602
Net pension and OPEB liability - proportionate share	25,532	(463)	14,675
Other liabilities	215,857	200,109	281,268
<b>Total liabilities</b>	<b>4,460,411</b>	<b>3,059,422</b>	<b>2,985,028</b>
<b>Deferred inflows of resources</b>			
Accumulated fair value of hedging derivatives	79,842	88,555	13,124
Pension and OPEB investment differences	851	15,254	11,785
<b>Total deferred inflows of resources</b>	<b>80,693</b>	<b>103,809</b>	<b>24,909</b>
<b>Net position</b>			
Investment in capital assets, net of related debt	1,969	2,138	2,400
Restricted by grants	7,344	6,283	2,361
Restricted primarily by bond indentures	96,955	39,415	224,764
Unrestricted	675,322	653,314	586,161
<b>Total net position</b>	<b>\$ 781,590</b>	<b>\$ 701,150</b>	<b>\$ 815,686</b>



**Statement of Net Position**

Total investments comprised 61.7% of the Authority's total assets, and represent the Authority's largest asset class. Total investments as of December 31, 2023 were \$3.3 billion, an increase of \$1.2 billion, or 62.0%, compared to the amount outstanding as of December 31, 2022. This increase was primarily the result of the Authority retaining MBS as investments on its balance sheet, as opposed to selling these in the secondary market at a premium. These MBS were pledged as collateral for bonds issued by the Authority during the year.

In 2022, investments increased \$131.8 million, or 7.0%, when compared to 2021. Similar to 2023, this increase was primarily the result of the Authority retaining MBS as investments on its balance sheet, as opposed to selling these in the secondary market at a premium. These MBS were pledged as collateral for bonds issued by the Authority during the year.

Total loans receivable, including loans held for sale, net of allowances for loan losses, comprised 30.3% of the Authority's total assets. These loan balances as of December 31, 2023 were \$1.6 billion; an increase of \$170.1 million, or 11.9%, compared to the amount outstanding as of December 31, 2022. During 2023, the Authority retained a majority of its loan production on its balance sheet in the form of MBS securities. The remaining single family loan production was sold through four vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae or Freddie Mac. During 2023, \$1.5 billion in loans were securitized through Ginnie Mae, of which \$1.3 billion were placed into taxable and tax-exempt MBS-backed bond structures. The remainder were sold in the to-be-announced (TBA) market through the issuance and sale of Ginnie Mae securities. Loans totaling \$53.7 million were either pooled and swapped for Fannie Mae mortgage backed securities and sold for a premium, or sold directly to Fannie Mae. Additionally, \$423.6 million in loans were sold directly to Freddie Mac.

In 2022, net loans receivable decreased by \$2.2 million, or 0.2%, when compared to 2021. This decrease over the prior year was primarily the result of securitizing new loan production as MBS and retaining them as investments on the balance sheet.

While it has been the Authority's practice to pool loans into mortgage backed securities and either sell them in the secondary market for a gain or retain and pledge them as collateral for bonds, the Authority continued the practice of purchasing and retaining the mortgage servicing rights (MSRs) to these loans. Additionally, the Authority continued the practice of servicing the whole loans it retains in its loan portfolio. The loans serviced by the Authority include both single family and commercial loans.

<b>Servicing Portfolio</b> <i>(gross, in thousands)</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
GNMA - securities sold	\$ 8,070,179	\$ 7,231,151	\$ 6,282,595
FNMA - loans and securities sold	1,201,078	1,235,411	1,111,951
FHLMC - loans sold	636,505	232,089	178,622
Balance sheet loans (single family/multifamily/business finance)	1,614,696	1,436,925	1,439,480
<b>Total Servicing Portfolio</b>	<b>\$ 11,522,458</b>	<b>\$ 10,135,576</b>	<b>\$ 9,012,648</b>

The delinquency ratios represented in the following tables are calculated using industry best practices and are reported on the Authority's entire servicing portfolio, including loans that were sold and the mortgage servicing rights retained, as well as loans the Authority maintains as assets on its balance sheet. Investors looking for past due information on loans pledged as collateral for specific bond series of the Authority can find this information by visiting the Municipal Securities Rulemaking Board's EMMA website at <https://emma.msrb.org/IssuerHomePage/State?state=CO>.



Management's Discussion and Analysis  
(unaudited)

Delinquent unpaid principal balances within the loan portfolios increased slightly during 2023 when compared to the prior year. Total single family past due loans increased to 12.3% in 2023, from 12.2% in 2022. The Authority observed a decrease in delinquencies in the business finance portfolio, there was no change in the multifamily loan program.

<b>Single Family Portfolio Delinquency</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Current	87.7%	87.8%	86.3%
30 Day	6.1%	4.8%	3.5%
60 Day	2.4%	2.0%	1.5%
90 Day	3.1%	4.3%	8.3%
Foreclosure	0.7%	1.1%	0.4%
Total past due	12.3%	12.2%	13.7%

<b>Multifamily Portfolio Delinquency</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Current	100.0%	100.0%	100.0%
30 Day	0.0%	0.0%	0.0%
60 Day	0.0%	0.0%	0.0%
90 Day	0.0%	0.0%	0.0%
Foreclosure	0.0%	0.0%	0.0%
Total past due	0.0%	0.0%	0.0%

<b>Business Finance Portfolio Delinquency</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Current	100.0%	99.8%	99.4%
30 Day	0.0%	0.0%	0.0%
60 Day	0.0%	0.2%	0.6%
90 Day	0.0%	0.0%	0.0%
Foreclosure	0.0%	0.0%	0.0%
Total past due	0.0%	0.2%	0.6%

During 2023, derivative instruments decreased \$15.5 million, or 22.5%, over prior year. The decrease was due to changes in interest rates and continued to result in the Authority reporting derivative instruments as a cumulative non-current asset compared to years prior to 2022, where the instruments have been valued and reported as a cumulative non-current liability.

Total deferred outflows as of December 31, 2023 were \$45.5 million, an increase of \$16.8 million, or 58.4%, compared to the amount outstanding as of December 31, 2022. Deferred outflows for 2022 decreased \$57.4 million, or 66.6%, from those reported in 2021. These changes were primarily the result of changes in market interest rates.



As of December 31, 2023, bonds, notes payable and short-term debt were \$4.2 billion, an increase of \$1.4 billion, or 47.6%, compared to the balance at December 31, 2022. This increase is the result of several 2023 single family and multifamily bond issuances, the proceeds of which were used to finance loans for the single family and multifamily programs.

The Authority's debt transactions followed best execution analysis and were part of the Authority's annual plan of finance. Debt activity detail for 2023 occurred as follows:

- On March 8, 2023, the Authority issued \$128.5 million of taxable Single Family Mortgage Class I and Class II 2023 Series AB Bonds to fund the acquisition of single family loans securitized as Ginnie Mae MBS.
- On March 21, 2023, the Authority issued \$100.0 million of taxable and tax-exempt Single Family Mortgage Class I, Class II, and Class III 2023 Series CDE Bonds to fund the acquisition of single family loans securitized as Ginnie Mae MBS.
- On April 13, 2023, the Authority issued \$16.1 million of tax-exempt Class I 2023 Series A Bonds to fund a new Multifamily Project loan.
- On May 10, 2023, the Authority issued \$180.0 million of taxable Single Family Mortgage Class I and Class II 2023 Series FG Bonds to fund the acquisition of single family loans securitized as Ginnie Mae MBS.
- On June 28, 2023, the Authority issued \$22.6 million of taxable and tax-exempt Class I 2023 Series BC Bonds to fund a new Multifamily Project loan.
- On July 20, 2023, the Authority issued \$200.0 million of taxable Single Family Mortgage Class I and Class II 2023 Series K Bonds to fund the acquisition of single family loans securitized as Ginnie Mae MBS.
- On September 6, 2023, the Authority issued \$150.0 million of taxable and tax-exempt Single Family Mortgage Class I, Class II, and Class III 2023 Series LM Bonds (Social Bonds) to fund the acquisition of single family loans securitized as Ginnie Mae MBS.
- On September 20, 2023, the Authority issued \$230.0 million of taxable Single Family Mortgage Class I 2023 Series N Bonds to fund the acquisition of single family loans securitized as Ginnie Mae MBS.
- On October 25, 2023, the Authority issued \$24.0 million of taxable and tax-exempt Class I 2023 Series DE Bonds to fund a new Multifamily Project loan.
- On November 8, 2023, the Authority issued \$150.0 million of taxable and tax-exempt Single Family Mortgage Class I, Class II, and Class III 2023 Series OP Bonds (Social Bonds) to fund the acquisition of single family loans securitized as Ginnie Mae MBS.
- On December 7, 2023, the Authority issued \$34.6 million of tax-exempt Class I 2023 Series F Bonds to fund a new Multifamily Project loan.
- On December 13, 2023, the Authority issued \$170.0 million of taxable Single Family Mortgage Class I 2023 Series Q Bonds to fund the acquisition of single family loans securitized as Ginnie Mae MBS.

Additional information on the Authority's long-term debt can be found in note 6 of this report.





*Management's Discussion and Analysis*  
*(unaudited)*

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As of December 31, 2023, the net pension and OPEB liability was \$25.5 million, an increase of \$26.0 million, or 5614.5%, compared to the balance at December 31, 2022. The net pension and OPEB liability relies on information from the prior year and this increase is the result of unfavorable investment performance during 2022. Additional information on the Authority's retirement plan can be found in note 12 of this report.

During 2022, total liabilities increased \$74.4 million, or 2.5%, over the prior year. Bonds, notes payable and short-term debt increased \$238.6 million, or 9.1% over 2021, primarily due to the issuance of new single family and multifamily program bonds. Also in 2022, derivative instruments and related borrowings decreased \$137.0 million, or 191.3%, from the prior year due to changing market interest rates.

The Authority's net position as of December 31, 2023, was \$781.6 million, an increase of \$80.4 million, or 11.5%, compared to the balance as of December 31, 2022. The increase in net position was primarily due to an increase in fair market value of investments during 2023 as a result of more favorable market rates compared to prior year. Net position, as a percent of total assets, decreased from 18.3% as of December 31, 2022, to 14.8% as of December 31, 2023.



**Condensed Summary of Revenues, Expenses and Changes in Net Position**  
(in thousands of dollars)

For the years ended December 31,	2023	2022	2021
<b>Interest income and expense:</b>			
Interest on loans receivable	\$ 53,745	\$ 48,168	\$ 47,602
Interest on investments	115,781	51,507	50,532
Interest on debt	(126,670)	(71,587)	(68,552)
Net interest income	42,856	28,088	29,582
<b>Other operating income:</b>			
Gain on sale of loans	19,276	51,997	114,892
Investment derivative activity gain	358	4,741	6,568
Net increase (decrease) in the fair value of investments	51,099	(204,822)	(36,339)
Other revenues	71,592	65,580	64,201
Total other operating income (loss)	142,325	(82,504)	149,322
Total operating income (loss)	185,181	(54,416)	178,904
<b>Operating expenses:</b>			
Salaries and related benefits	33,120	19,555	25,251
General operating	67,829	43,528	85,411
Depreciation	1,071	1,075	799
Provision for loan losses	10,065	2,245	550
Total operating expenses	112,085	66,403	112,011
<b>Net operating income (loss)</b>	<b>73,096</b>	<b>(120,819)</b>	<b>66,893</b>
<b>Nonoperating expenses:</b>			
Grant revenues	188,388	194,227	169,334
Grant expenses	(181,044)	(187,944)	(166,973)
Total nonoperating income and expenses, net	7,344	6,283	2,361
<b>Change in net position</b>	<b>80,440</b>	<b>(114,536)</b>	<b>69,254</b>
<b>Net position:</b>			
Beginning of year	701,150	815,686	746,432
End of year	\$ 781,590	\$ 701,150	\$ 815,686



## Revenues, Expenses and Changes in Net Position

As reflected in the Statement of Revenues, Expenses and Changes in Net Position, the change in net position during 2023 was \$80.4 million, for an increase of 11.5% over the results at December 31, 2022. The increase in the change in net position compared to the prior year was composed of the following:

- A \$14.8 million increase in net interest income. This increase is the result of additional interest earned on MBS that were added to the balance sheet throughout the year, offset against additional interest expense due to increased bond financing.
- A \$224.8 million increase in other operating income as a result of the following:
  - \$32.7 million decrease in gain on sale of loans. This change was driven by a decrease in the amount of single family loans being pooled into MBS and sold through the TBA market at a premium. Additionally, the MBS that were sold through the TBA market generally earned a lower premium than MBS sold in the prior year. Year-over-year loans securitized into MBS for single family loans is depicted in the table below:

Single Family Loans Securitized (in thousands)	2023	2022	2021
GNMA	\$ 1,528,654	\$ 2,131,790	\$ 2,490,053
FNMA	53,686	296,384	346,273
FHLMC	423,570	83,329	54,134
Total Single Family Loans Securitized	\$ 2,005,910	\$ 2,511,503	\$ 2,890,460

- \$4.4 million decrease in investment derivative activity
- \$255.9 million increase in fair value of investments related to an increase in the fair market value of program investments
- \$6.0 million increase in other revenues related to program fee income
- A \$45.7 million increase in total operating expenses primarily due to increased servicing expense, service release premium amortization and cost of issuance expense. This also includes an increase of \$12.0 million in salaries and benefits related to pension expense.
- A \$1.1 million increase in nonoperating income related to federal grant commitments that will be paid out in subsequent years.

During 2022, total operating income decreased by \$233.3 million, or 130.4%, compared to 2021. The following contributed to the decrease:

- Other revenues increased \$1.4 million related to an increase in program fee and servicing fee income.
- Gain on sale of loans decreased \$62.9 million due to declining premiums offered in the secondary market.
- The fair value of investments decreased by \$168.5 million primarily due to changes in market rates during 2022.

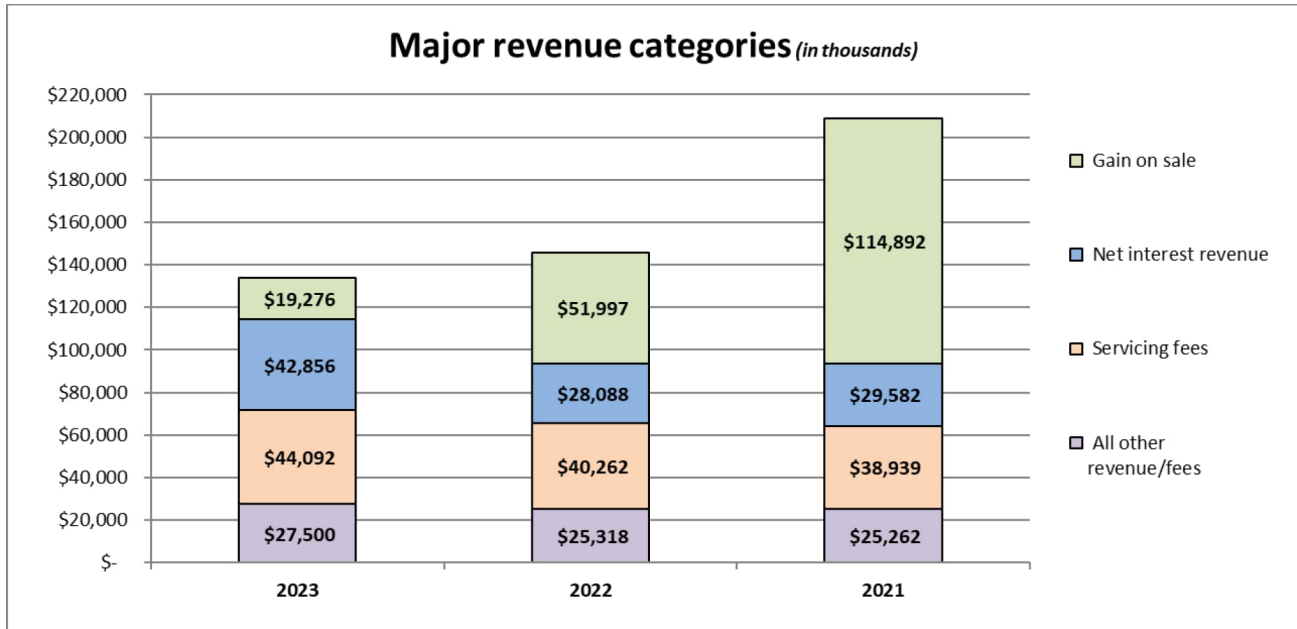
Total operating expenses in 2022 decreased \$45.6 million, or 40.7%, compared to 2021 primarily due to a decrease in loan servicing expense as a result of lower loan production.



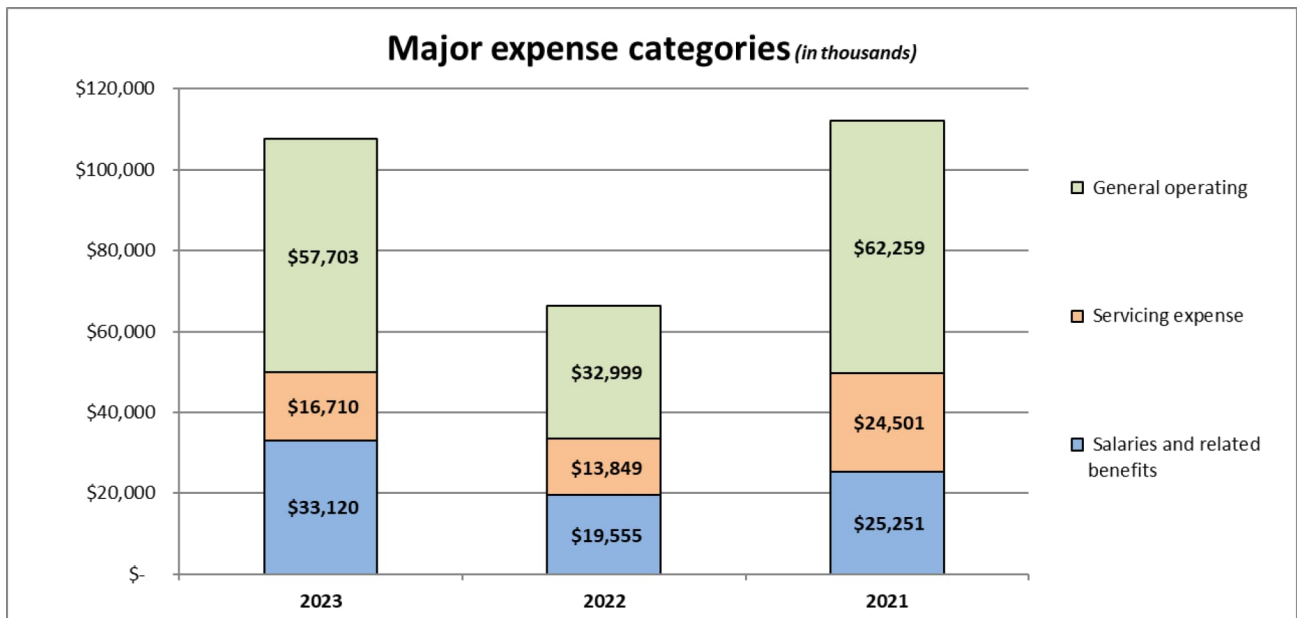
**Management's Discussion and Analysis**  
*(unaudited)*

The federal grant receipts/payments consisted primarily of pass-through amounts related to the Authority's role as a contract administrator of the U.S. Department of Housing and Urban Development's Section 8 subsidy program. Under the Section 8 subsidy program, tenants pay 30% of their income toward rent and the balance is paid by federal subsidy.

Year-over-year comparisons of major income and major expense categories are depicted in the tables below:



Gain on sale represents the gain recognized on the sale of single family loans in the secondary market at a premium. The category for all other revenues/fees is primarily made up of PBCA, LIHTC and conduit transaction fees.



Amounts reported in salaries and related benefits include entries related to GASB Statement No. 68 Pension expense and GASB Statement No. 75 OPEB expense. These amounts totaled \$2.0 million, \$(10.1) million and \$(1.8) million for fiscal years, 2023, 2022 and 2021, respectively.



## **Economic Factors and Next Year's Budget**

The 2024 budget was developed to provide desired products and services while maintaining financially responsible practices. The last two years the Authority has seen a decline in single family loan production, partly due to rising interest rates as well as declining affordable inventory in the metro areas of Colorado.

During 2024, the Authority's loan and investment portfolios are projected to increase in size due to continued efforts to add loans and investment securities to the balance sheet. Contributing to this increase is the anticipated addition of over \$1.1 billion in new loans and investment securities as a result of single family and multifamily lending operations, related debt is also projected to increase in 2024. As a result, overall net interest revenue is expected to increase.

Pressure on tax credit equity pricing and strong demand for affordable rental housing throughout the state are increasing the need for multifamily financing products and services. This being the case, the Authority is working to enhance its product offerings and increase its presence and visibility within the multifamily financing space. We believe this will result in an increase in the pipeline of multifamily loans the Authority finances in the years to come. The Authority also expects business finance production to continue to generate fee income through the Authority's lending activities.

Securitizing single family loan production and selling the securities for their market premiums is projected to decline in 2024 due to lower premiums and declining opportunities in the secondary market. The budget reflects a 'purchase and sell' model for 37% of the \$1.7 billion in budgeted single family loan production. The remaining 63% is budgeted to be bond-financed in an effort to continue growing the Authority's loan portfolio, providing future net interest revenue. The 2024 budget projects single family production to decline from 2023 results.

The Authority's operating expenses are projected to increase slightly over amounts reported for 2023. This increase will reside primarily within the Authority's salaries and related benefits due to budgeted merit increases, modest staffing increases and increases in health insurance premium expense.

Certain of the matters contained in this management's discussion and analysis about the Authority's future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management.

Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decisions with regards to our securities. Forward-looking statements made in this discussion apply only as of the date of these financial statements. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable laws.

## **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning the information provided in this report or other financial information should be addressed to the Chief Financial Officer at Colorado Housing and Finance Authority, 1981 Blake Street, Denver, Colorado 80202 (303-297-2432 or toll free, 800-877-2432).



basic financial statements

## Colorado Housing and Finance Authority

### Statement of Net Position

As of December 2023 and 2022

(in thousands of dollars)

	2023	2022
<b>Assets</b>		
Current assets:		
Cash		
Restricted	\$ 155,828	\$ 160,605
Unrestricted	13,917	13,013
Investments (partially restricted, see note 2)	555,574	491,905
Loans receivable (partially restricted, see note 3)	49,188	44,356
Loans receivable held for sale	120,987	95,836
Other current assets	56,460	38,485
<b>Total current assets</b>	<b>951,954</b>	<b>844,200</b>
Noncurrent assets:		
Investments (partially restricted, see note 2)	2,700,824	1,518,542
Loans receivable, net (partially restricted, see note 3)	1,426,426	1,286,317
Derivative instruments	53,493	69,029
Capital assets, net	11,403	11,931
Other assets	133,080	105,625
<b>Total noncurrent assets</b>	<b>4,325,226</b>	<b>2,991,444</b>
<b>Total assets</b>	<b>5,277,180</b>	<b>3,835,644</b>
<b>Deferred outflows of resources</b>		
Accumulated fair value of hedging derivatives	31,695	24,513
Pension and OPEB contributions and investment earnings	12,941	3,328
Refundings of debt	878	896
<b>Total deferred outflows of resources</b>	<b>45,514</b>	<b>28,737</b>
<b>Liabilities</b>		
Current liabilities:		
Short-term debt	206,502	162,998
Bonds payable	147,400	185,364
Notes payable	59	58
Hybrid instrument borrowings	623	774
Other current liabilities	157,344	145,871
<b>Total current liabilities</b>	<b>511,928</b>	<b>495,065</b>
Noncurrent liabilities:		
Bonds and notes payable	3,862,156	2,507,676
Hybrid instrument borrowings	2,282	2,906
Net pension and OPEB liability - proportionate share	25,532	(463)
Other liabilities	58,513	54,238
<b>Total noncurrent liabilities</b>	<b>3,948,483</b>	<b>2,564,357</b>
<b>Total liabilities</b>	<b>4,460,411</b>	<b>3,059,422</b>
<b>Deferred inflows of resources</b>		
Accumulated fair value of hedging derivatives	79,842	88,555
Pension and OPEB investment differences	851	15,254
<b>Total deferred inflows of resources</b>	<b>80,693</b>	<b>103,809</b>
<b>Net position</b>		
Investment in capital assets, net of related debt	1,969	2,138
Restricted by grants	7,344	6,283
Restricted primarily by bond indentures	96,955	39,415
Unrestricted	675,322	653,314
<b>Total net position</b>	<b>\$ 781,590</b>	<b>\$ 701,150</b>

See accompanying notes to basic financial statements.

**Colorado Housing and Finance Authority**  
**Statement of Revenues, Expenses and Changes in Net Position**

For the years ended December 2023 and 2022

(in thousands of dollars)

	2023	2022
<b>Interest income and expense:</b>		
Interest on loans receivable	\$ 53,745	\$ 48,168
Interest on investments	115,781	51,507
Interest on debt	(126,670)	(71,587)
Net interest income	42,856	28,088
<b>Other operating income:</b>		
Gain on sale of loans	19,276	51,997
Investment derivative activity gain	358	4,741
Net increase (decrease) in the fair value of investments	51,099	(204,822)
Other revenues	71,592	65,580
Total other operating income (loss)	142,325	(82,504)
Total operating income (loss)	185,181	(54,416)
<b>Operating expenses:</b>		
Salaries and related benefits	33,120	19,555
General operating	67,829	43,528
Depreciation	1,071	1,075
Provision for loan losses	10,065	2,245
Total operating expenses	112,085	66,403
<b>Net operating income (loss)</b>	<b>73,096</b>	<b>(120,819)</b>
<b>Nonoperating income and expenses:</b>		
Grant revenues	188,388	194,227
Grant expenses	(181,044)	(187,944)
Total nonoperating income and expenses	7,344	6,283
<b>Change in net position</b>	<b>80,440</b>	<b>(114,536)</b>
<b>Net position:</b>		
Beginning of year	701,150	815,686
End of year	\$ 781,590	\$ 701,150

See accompanying notes to basic financial statements.



# Colorado Housing and Finance Authority

## Statement of Cash Flows

For the years ended December 2023 and 2022

(in thousands of dollars)

	2023	2022
<b>Cash flows from operating activities:</b>		
Principal payments received on loans receivable and receipts from dispositions of other real estate owned	\$ 728,948	\$ 703,782
Interest payments received on loans receivable	53,972	45,623
Payments for loans receivable	(2,437,174)	(2,788,402)
Receipts from sales of Ginnie Mae securities	1,547,610	2,135,838
Changes in servicing escrows	11,753	(94,768)
Receipts from other revenues	71,384	64,260
Payments for salaries and related benefits	(6,958)	(34,596)
Payments for goods and services	(90,256)	(78,844)
All other, net	(31,361)	7,675
Net cash used in operating activities	(152,082)	(39,432)
<b>Cash flows from noncapital financing activities:</b>		
Net increase (decrease) in short-term debt	43,504	(43,924)
Proceeds from issuance of bonds	1,530,720	649,970
Receipts from federal grant programs	173,435	202,380
Payments for federal grant programs	(181,044)	(187,944)
Principal paid on bonds	(231,565)	(374,067)
Principal paid on notes payable	(58)	(57)
Interest paid on short-term debt	(13,943)	(3,572)
Interest rate swap settlements	18,464	(8,424)
Interest paid on bonds	(100,282)	(50,991)
Interest paid on notes payable	(1,476)	(1,256)
Net cash provided by noncapital financing activities	1,237,755	182,115
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(544)	(467)
Net cash used in capital and related financing activities	(544)	(467)
<b>Cash flows from investing activities:</b>		
Proceeds from maturities and sales of investments	4,761,825	3,489,325
Purchase of investments	(5,957,182)	(3,822,584)
Income received from investments	106,355	47,754
Net cash used in capital and related financing activities	(1,089,002)	(285,505)
<b>Net decrease in cash</b>	<b>(3,873)</b>	<b>(143,289)</b>
Cash at beginning of year	173,618	316,907
Cash at end of year	\$ 169,745	\$ 173,618
Restricted	\$ 155,828	\$ 160,605
Unrestricted	13,917	13,013
Cash, end of year	\$ 169,745	\$ 173,618

Continued on the next page

# Colorado Housing and Finance Authority

## Statement of Cash Flows *(continued)*

For the years ended December 2023 and 2022

*(in thousands of dollars)*

	2023	2022
<b>Reconciliation of operating income to net cash used in operating activities:</b>		
Net operating income (loss)	\$ 73,096	\$ (120,819)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	1,071	1,075
Amortization and fair value adjustments of service release premiums	10,081	(3,132)
Proportionate share of net pension and OPEB expense	1,979	(10,104)
Amortization of derivatives related borrowings	(774)	(1,042)
Provision for loan losses	10,065	2,245
Interest on investments	(115,781)	(51,507)
Interest on debt	127,444	72,628
Unrealized gain on investment derivatives	(358)	(4,741)
Unrealized (gain) loss on investments	(51,099)	204,822
Gain on sale of real estate owned	(27)	(47)
Gain on sale of loans receivable held for sale	(19,276)	(51,997)
Changes in assets and liabilities:		
Loans receivable and other real estate owned	(170,670)	54,397
Accrued interest receivable on loans and investments	228	(2,544)
Other assets	(45,603)	(36,148)
Accounts payable and other liabilities	27,542	(92,518)
Net cash used in operating activities	\$ (152,082)	\$ (39,432)

See accompanying notes to basic financial statements.



notes to basic  
financial statements



## 1) Organization and Summary of Significant Accounting Policies

### (a) Authorizing Legislation and Reporting Entity

**Authorizing Legislation** - The Colorado Housing and Finance Authority (the Authority) is a body corporate and a political subdivision of the State of Colorado (the State) established pursuant to the Colorado Housing and Finance Authority Act, Title 29, Article 4, Part 7 of the Colorado Revised Statutes (C.R.S. or the Statutes), as amended (the Act). The Authority is not a state agency and is not subject to administrative direction by the State. The governing body of the Authority is its Board of Directors (the Board). Operations of the Authority commenced in 1974. The Authority is not a component unit of the State or any other entity.

The Authority was created for the purpose of making funds available to assist private enterprise and governmental entities in providing housing facilities for lower- and moderate-income families. Under the Act, the Authority is also authorized to finance projects and working capital loans to industrial and commercial enterprises (both for-profit and nonprofit) of small and moderate size.

In 1992, Colorado voters approved an amendment to the State Constitution, Article X, Section 20, which, among other things, imposes restrictions on increases in revenue and expenditures of state and local governments (known as the Taxpayer Bill of Rights or TABOR). In the opinion of its bond counsel, the Authority is a "special purpose authority", not part of the "State" under C.R.S. § 24-77-102(15) and (16), and not a "district" as defined in TABOR and is therefore exempt from its provisions.

In 2001, the Colorado state legislature repealed the limitation on the amount of debt that the Authority can issue as well as removed the moral obligation of the State on future debt issues of the Authority. The bonds, notes and other obligations of the Authority do not constitute debt of the State.

**Lending and Housing Programs** – The Authority accounts for its lending and operating activities in the following groups:

**General Program** – The General Program is the Authority's primary operating program. It accounts for assets, deferred outflows, liabilities, deferred inflows, revenues and expenses not directly attributable to a bond program. Most of the bond resolutions of the programs permit the Authority to make cash transfers to the general accounts after establishing reserves required by the bond resolutions. The general accounts financially support the bond programs when necessary. The general accounts include proprietary loan programs developed by the Authority to meet the needs of low- and moderate-income borrowers not served by traditional lending programs. The general accounts also include administrative activities related to the federal government's Section 8 housing assistance payments program.

**Single Family Program** – The Single Family Program includes bonds issued and assets pledged for payment of the bonds under the related indentures. Loans acquired under this program with the proceeds of single family bond issues include Federal Housing Administration (FHA), conventional, United States Department of Agriculture (USDA) Rural Development, Rural Economic and Community Development Department (RD), and Veterans Administration (VA) loans made under various loan programs.

**Multifamily/Business Program** – The Multifamily/Business Program includes bonds issued and assets pledged for payment of the bonds under the related indentures. Loans acquired under this program with the proceeds of multifamily and business (sometimes referred to as project) bond issues include loans made for the purchase, construction or rehabilitation of multifamily rental housing. In addition, business loans are made to both for-profit and nonprofit organizations primarily for the purpose of acquisition or expansion of their facilities or for the purchase of equipment.



**(b) Basis of Accounting**

The Authority presents its financial statements in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP) as established by the Governmental Accounting Standards Board (GASB). For financial purposes, the Authority is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated.

**(c) Summary of Significant Accounting Policies**

**Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Significant estimates to the Authority's financial statements include the allowance for loan losses, MSR, interest rate swap agreements and fair value estimates. Actual results could differ from those estimates.

**Cash and Restricted Cash** – The Authority's cash and cash equivalents are represented by cash on hand and demand deposits held in banks. Restricted cash includes payments received on pledged assets and used for the payment of bonds under the related indenture agreements. Also included in restricted cash are escrow balances, payments in process and various government deposits.

**Restricted Assets** – Amounts related to Single Family and Multifamily/Business Programs are considered restricted and are detailed in the supplemental schedules. Restricted assets are held for the benefit of respective bondholders and accounted for by program. Certain other assets are held on behalf of various governmental housing initiatives or regulations.

**Investments** – Investments of the Authority, representing those investments which are held as reserves under indenture or other restrictions, are reported at either amortized cost or fair value based on values obtained from third-party pricing services. The values are based on quoted market prices when available or on adjusted value in relation to observable prices on similar investments. Money market investments are reported at amortized cost. Investment amounts related to Single Family and Multifamily/Business Programs are considered restricted and are detailed in the supplemental schedules.

**Loans Receivable** – Mortgage loans receivable are reported at their unpaid principal balance net of an allowance for estimated loan losses. Loans related to Single Family and Multifamily/Business Programs are considered restricted and are detailed in the supplemental schedules.

**Loans Receivable Held for Sale** – Loans originated or acquired and intended for sale in the secondary market are carried at the lower of cost or fair value. Gains and losses on loan sales (sales proceeds minus carrying value) are reported as other operating income.

**Allowance for Loan Losses** – The allowance for loan losses is a reserve against current operations based on management's estimate of expected loan losses. Management's estimate considers such factors as the payment history of the loans, the projected cash flows of the borrowers, estimated value of the collateral, subsidies, guarantees, mortgage insurance, historical loss experience for each loan type, additional guarantees provided by the borrowers and economic conditions. Based on review of these factors, a total reserve amount is calculated and a provision is made against current operations to reflect the estimated balance.

**Troubled Debt Restructuring** – A restructuring of a debt constitutes a troubled debt restructuring if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. Whatever the form of concession granted by the creditor to the debtor in a troubled debt restructuring, the creditor's



*Notes to Basic Financial Statements  
(tabular dollar amounts are in thousands)*

objective is to make the best of a difficult situation. That is, the creditor expects to obtain more cash or other value from the debtor, or to increase the probability of receipt, by granting the concession than by not granting it.

Interest income is recognized using the new interest rate after restructuring, which approximates the effective interest rate. Additional information is disclosed in the loans receivable note. See note 3.

**Capital Assets** – Capital assets are defined by the Authority as assets with an initial, individual cost of \$10 thousand or greater and an estimated life of greater than one year. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives, which are 30 years for buildings and from 3 to 10 years for furniture and equipment.

**Other Noncurrent Assets** – Other noncurrent asset balances as of December 31, 2023 and 2022, were \$133.1 million and \$105.6 million, respectively. Included in these amounts are mortgage servicing rights of \$120.9 million and \$102.7 million as of December 31, 2023 and 2022, respectively, related to loans sold by the Authority for which the Authority retained the mortgage servicing. These mortgage servicing rights are reported at the lower of cost or fair value.

The Authority recorded fair market value adjustments of \$0 and \$20.6 million on mortgage servicing rights as of December 31, 2023 and 2022, respectively. The adjustments are reported in general operating expense on the Statement of Revenues, Expenses and Changes in Net Position.

**Bonds** – Bonds payable are general and limited obligations of the Authority and are not a debt or liability of the State or any subdivisions thereof. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, moneys, investments, mortgage loans, and other assets in the accounts of the program to which the bonds relate. Virtually all of the Authority's loans and investments are pledged as security for the bonds. The provisions of the applicable trust indentures require or allow for redemption of bonds through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and program certificates. All outstanding bonds are subject to redemption at the option of the Authority, in whole or in part at any time after certain dates, as specified in the respective series indentures.

The Authority issues fixed rate and variable rate bonds. The rate on the fixed rate bonds is set at bond closing. The variable rate bonds bear interest at either a monthly or a weekly rate until maturity or earlier redemption. For bonds that pay weekly rates, the remarketing agent for each bond issue establishes the weekly rate according to each indenture's remarketing agreement. The weekly rates are communicated to the various bond trustees for preparation of debt service payments. The weekly rate, as set by the remarketing agent, allows the bonds to trade in the secondary market at a price equal to 100% of the principal amount of the bonds outstanding, with each rate not exceeding maximum rates permitted by law.

The Authority has variable rate demand bonds that have Stand-by Purchase Agreements (SBPA), which state that the issuer of the SBPA will purchase the bonds in the event the remarketing agent is unsuccessful in marketing the bonds. In this event, the interest rate paid by the Authority will be calculated using a defined rate from the SBPA. If the bonds remain unsold for a period of 90 days, they are deemed to be "bank bonds" and the Authority is required to repurchase the bonds from the SBPA issuer. The timing of this repurchase, or term out, will vary by issuer from two to five years.

**Bond Discounts and Premiums** – Discounts and premiums on bonds payable are amortized to interest expense over the lives of the respective bond issues using the effective interest method.

**Debt Refundings** – For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter. The difference is amortized using the effective interest method, with the exception of the amount relating to deferred loss on terminated interest rate swap hedging relationships, which is amortized on a straight-line basis. The deferred refunding amounts are classified as a component of deferred outflows on the Statement of Net Position.



**Derivative Instruments** – Derivative instruments, as defined in GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*, are measured on the Statement of Net Position at fair value. Changes in fair value for those derivative instruments that meet the criteria for hedging instruments under GASB No. 53 are reported as deferred inflows and outflows. Changes in fair value of investment derivative instruments, which are ineffective derivative instruments, are reported within investment derivative activity loss starting in the period of change.

**Derivative Instruments – Interest Rate Swap Agreements** – The Authority enters into interest rate swap agreements (swap) with rated swap counterparties in order to (1) provide lower cost fixed rate financing for its loan production needs through synthetic fixed rate structures and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The interest differentials to be paid or received under such swaps are recognized as an increase or decrease in interest expense of the related bond liability. The Authority enters into fixed payor swaps, where it pays a fixed interest rate in exchange for receiving a variable interest rate from the counterparty. The variable interest rate may be based on either a taxable or tax-exempt index. By entering into a swap agreement, the Authority hedges its interest rate exposure on the associated variable rate bonds. The Authority's interest rate swaps are generally considered to be hedging derivative instruments under GASB No. 53. However, certain interest rate swaps have been deemed ineffective and are classified as investment derivative instruments. Additional information about the swap agreements is provided in note 8.

**Derivative Instruments – Forward Sales Contracts** – Forward sales of mortgage backed securities within the To-Be-Announced market are utilized to hedge changes in fair value of mortgage loan inventory and commitments to purchase mortgage loans at fixed rates. As of December 31, 2023, the Authority had executed 14 forward sales transactions with a \$92.0 million notional amount with seven counterparties with concentrations and ratings (Standard and Poor's/Moody's Investors Service) as shown in note 8. The forward sales will all settle by March 13, 2024. These contracts were considered investment derivative instruments and carried a fair value of \$747 thousand as of December 31, 2023. As of December 31, 2022, the Authority had executed 12 forward sales transactions with a \$77.0 million notional amount with five counterparties with concentrations and ratings (Standard and Poor's/Moody's Investors Service) as shown in note 8. The forward sales were all settled by March 13, 2023. These contracts were considered investment derivative instruments and carried a fair value of \$205 thousand as of December 31, 2022.

**Hybrid Instrument Borrowings** – Hybrid instrument borrowings represent cash premiums received on interest rate swaps that had a fair value other than zero at the date of execution, generally because the fixed rates were different from market rates at that date. Interest expense is imputed on these borrowings, which are reported at amortized cost.

**Net Pension Liability** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) of the Public Employee's Retirement Association of Colorado (PERA) pension plan and additions to/deductions from PERA's FNP have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Post Employment Benefits Other than Pension (OPEB)** – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the FNP of the OPEB Plan and additions to/deductions from the plan FNP have been determined on the same basis as they are reported by PERA. For this purpose, PERA recognizes benefit payments when due and payable in accordance with the benefit terms.

**Other Liabilities** – The major other liabilities are as follows:

- *Servicing escrow*: The net amount of collected escrow funds currently being held on behalf of borrowers to pay future obligations of property taxes and insurance premiums due on real properties. The Authority has a corresponding asset that is recorded in restricted cash.
- *Deferred Low Income Housing Tax Credit Income*: Compliance monitoring fees collected in advance on multifamily properties that have been awarded low-income housing tax credits to be used over a 15-year period. These fees



cover the ongoing cost the Authority incurs to certify that these properties remain low-income compliant during the 15-year period and continue to be eligible to use the tax credits awarded.

- *Compensated Absences:* Employees accrue paid time off at a rate based on length of service. Employees may accrue and carry over a maximum of 150% of their annual paid time off benefit. The liability for compensated absences is based on current salary rates and is reported in the Statement of Net Position.
- *Federal Financing Bank (FFB) Program:* Certificates of Participation of multifamily loans are sold to FFB and entitles FFB to a portion of interest and 100% of principal received from participated mortgage loans. The Authority has a corresponding asset that is recorded in loans receivable.

**Classification of Revenues and Expenses** – The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority’s ongoing operations. The principal operating revenues of the Authority are interest income on loans, gain on sale of loans and investment income. The Authority also recognizes revenues from rental operations and other revenues, which include loan servicing fees and other administrative fees. Operating expenses include interest expense, administrative expenses, depreciation, and the provision for loan losses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Authority’s nonoperating revenues and expenses consist primarily of pass-through amounts related to the Authority’s role as a contract administrator of the U.S. Department of Housing and Urban Development’s (HUD) Section 8 subsidy program. Under the Section 8 subsidy program, tenants pay 30% of their income toward rent and the balance is paid to the Authority by federal subsidy.

**New Accounting Principles** – GASB issued Statement No 96 *Subscription-based Information Technology Arrangements*, which is effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. As of January 1, 2022, the applicability of this Statement was immaterial and therefore had no impact on the Authority’s financial statements.

GASB issued Statement No. 99 *Omnibus 2022* which has varying effective dates for different components. The requirements related to leases, Public-Private and Public-Public Partnerships (PPP), and SBITAs are effective for fiscal years beginning after June 15, 2022. The adoption of these components during the year ended December 31, 2023, had no impact on the Authority’s financial statements.

**Future Accounting Principles** – GASB issued Statement No. 99 *Omnibus 2022* which has varying effective dates for different components. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument





- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Terminology used in Statement 53 to refer to resource flows statements.

The impact of the applicability of Statement No. 99 on the Authority’s financial statements, and footnotes therein, has not yet been determined.

GASB issued Statement No. 100 *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, which is effective for accounting changes and error corrections made in fiscal years after June 15, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The impact of the applicability of Statement No. 100 on the Authority’s financial statements, and footnotes therein, has not yet been determined.

GASB issued Statement No. 101 *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The impact of the applicability of Statement No. 101 on the Authority’s financial statements, and footnotes therein, has not yet been determined.

GASB issued Statement No. 102 *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The objective of this Statement is to provide user of government financial statement with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The impact of the applicability of Statement No. 102 on the Authority’s financial statements, and footnotes therein, has not yet been determined.

## **(2) Cash and Investments**

**Cash and Cash Equivalents** – The Authority’s cash and cash equivalents are reported as either restricted or unrestricted and are represented by cash on hand and demand deposits held in banks. Cash is classified as restricted when its use is subject to external limits such as bond indentures, legal agreements or statutes. Restricted cash includes payments received on pledged assets and used for the payment of bonds under the related indenture agreements. Also included in restricted cash are escrow balances, payments in process and various government deposits. As of December 31, 2023 and 2022, the Authority had unrestricted cash of \$13.9 million and \$13.0 million, respectively.



*Notes to Basic Financial Statements  
(tabular dollar amounts are in thousands)*

Restricted cash as of December 31, was as follows:

<b>Summary of Restricted Cash</b>	<b>2023</b>	<b>2022</b>
Customer escrow accounts	\$ 107,081	\$ 95,597
Payments in process	10,609	24,308
Administered program deposits	38,138	40,700
<b>Total fair value</b>	<b>\$ 155,828</b>	<b>\$ 160,605</b>

**Custodial Credit Risk – Cash Deposits** – In the case of cash deposits, custodial credit risk is the risk that in the event of a bank failure, cash deposits belonging to the Authority may not be returned. All deposit accounts were either covered by the Federal Deposit Insurance Corporation or fully collateralized in accordance with the State of Colorado’s Division of Banking’s Public Deposit Protection Act.

Included in cash deposits are escrow deposits in the amount of \$107.1 million and \$95.6 million as of December 31, 2023 and 2022, respectively. These escrow deposits, included in other current liabilities on the statement of net position, are primarily held for the payment of property taxes and insurance on behalf of the mortgagors whose loans are owned or serviced by the Authority.

**Investments** – The Authority is authorized by means of a Board-approved investment policy to invest in notes, bonds and other obligations issued or guaranteed by the U.S. government and certain governmental agencies. Additionally, the Authority is permitted to invest, with certain restrictions as to concentration of risk, collateralization levels, maximum periods to maturity, and/or underlying rating levels applied, in revenue or general obligations of states and their agencies, certificates of deposits, U.S. dollar denominated corporate or bank debt, commercial paper, repurchase agreements backed by U.S. government or agency securities, money market mutual funds and investment agreements. The Authority’s investment policy requires 1) staggered maturities to avoid undue concentrations of assets in a specific maturity sector, 2) stable income, 3) adequate liquidity to meet operations and debt service obligations and 4) diversification to avoid overweighting in any one type of security. The Authority is also subject to permissible investments as authorized by Title 24, Article 75, Part 6 of the Statutes. Permissible investments pursuant to the Statutes are either identical to or less restrictive than the Authority’s investment policy. In addition, each of the trust indentures established under the Authority’s bond programs contains requirements as to permitted investments of bond fund proceeds, which may be more or less restrictive than the Authority’s investment policy. These investments are included in the disclosures below under State and political subdivision obligations.

General Program investments of \$38.3 million include investments pledged as of December 31, 2023 as follows: \$16.2 million in interest only strips held at Wells Fargo and \$22.0 million in pledged securities with Federal Home Loan Bank (FHLB).

General Program investments of \$50.1 million include investments pledged as of December 31, 2022 as follows: \$15.8 million in interest only strips held at Wells Fargo, \$23.6 million in pledged securities with Federal Home Loan Bank (FHLB), FirstBank investments of Rural Development Loan Program (RDLP), RDLP II and RDLP V in the amounts of \$1.2 million, \$485 thousand and \$441 thousand, respectively; each pledged as collateral for the RDLP notes payable.

All Single Family and Multifamily/Business Program investments, which total \$3.2 billion and \$2.0 billion as of December 31, 2023 and 2022, respectively, are restricted under bond indentures or other debt agreements, or otherwise pledged as collateral for borrowings. These amounts are detailed in the supplemental schedules.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Except for the money market mutual fund investments, substantially all of the Authority’s investments are subject to this risk.

As of December 31, 2023, the Authority had the following investment maturities:

Investment Type	Investment Maturities (In Years)			Total
	Less Than 1	6-10	More Than 10	
Investment agreements - uncollateralized	\$ 23,358	\$ -	\$ -	\$ 23,358
Money market fund	500,044	-	-	500,044
Repurchase agreement	10,130	-	2,469	12,599
U.S. government agencies	22,042	23,864	2,669,388	2,715,294
U.S. Treasury	-	5,103	-	5,103
<b>Total</b>	<b>\$ 555,574</b>	<b>\$ 28,967</b>	<b>\$ 2,671,857</b>	<b>\$ 3,256,398</b>

As of December 31, 2022, the Authority had the following investment maturities:

Investment Type	Investment Maturities (In Years)			Total
	Less Than 1	6-10	More Than 10	
External investment pool	\$ 10,672	\$ -	\$ -	\$ 10,672
Investment agreements - uncollateralized	53,142	-	-	53,142
Money market fund	392,663	-	-	392,663
Repurchase agreement	11,794	-	-	11,794
U.S. government agencies	23,634	24,173	1,489,390	1,537,197
U.S. Treasury	-	4,979	-	4,979
<b>Total</b>	<b>\$ 491,905</b>	<b>\$ 29,152</b>	<b>\$ 1,489,390</b>	<b>\$ 2,010,447</b>



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

**Credit Risk** – The following table provides credit ratings of the Authority's investments as determined by Standard and Poor's and/or Moody's Investors Service.

Investment Type	2023		2022	
	Rating	Total	Rating	Total
External investment pool	A-/NA	\$ -	A-/NA	\$ 10,672
Investment agreements - uncollateralized	AA+/Aa3	17,427	AA+/Aa3	21,067
Investment agreements - uncollateralized	AA-/Aa2	-	AA-/Aa2	23,800
Investment agreements - uncollateralized	A/A1	5,931	A/A1	8,275
Money market mutual fund	AAAm/Aaa	500,044	AAAm/Aaa	392,663
Repurchase agreements	AA+/Aaa	12,599	AA+/Aaa	11,794
U.S. government agencies	AA+/Aaa	2,715,294	AA+/Aaa	1,537,197
U.S. Treasury	AA+/Aaa	5,103	AA+/Aaa	4,979
<b>Total</b>		<b>\$ 3,256,398</b>		<b>\$ 2,010,447</b>

Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue and of the Board's investment policy. The Board's investment policy states that the Authority is empowered to invest in any security that is a revenue or general obligation of any political subdivision. The credit rating at the time of purchase must be rated in one of its two highest rating categories by one or more nationally recognized organizations, which regularly rate such obligations and concentration limits may not exceed more than 20% of the investment portfolio.

**Concentration of Credit Risk** – The Authority has various maximum investment limits both by type of investment and by issuer to prevent inappropriate concentration of credit risk. The following table provides information on issuers in which the Authority has investments representing more than 5% of its total investments as of December 31, 2023 and 2022.

Issuer	2023	2022
GNMA	81.64%	73.48%
Goldman Sachs	11.89%	17.05%

**Custodial Credit Risk – Investments** – Custodial credit risk is the risk that, in the event of the failure of the custodian, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of the custodian. All securities owned by the Authority are either in the custody of the related bond indenture trustees or held in the name of the Authority by a party other than the issuer of the security.



**(3) Loans Receivable, Related Allowances and Troubled Debt Restructuring**

Loans receivable and loans receivable held for sale at December 31, consisted of the following:

	2023	2022
General Program	\$ 754,520	\$ 712,758
Single Family Program	283,108	176,149
Multifamily/Business Program:		
Multifamily/Project	532,563	508,595
Multifamily Pass Through	85,435	86,940
Total Multifamily/Business Program	617,998	595,535
Less intercompany loans, included in Multifamily/Project above	(39,434)	(39,793)
Total loans receivable	1,616,192	1,444,649
Payments in process	(2,974)	(9,218)
Allowance for loan losses	(16,617)	(8,922)
Total loans receivable, net	\$ 1,596,601	\$ 1,426,509

Loans in the Single Family Program and the Multifamily/Business Program in the table above are grouped based on the related bond type (see note 6 for additional information). Amounts related to these programs are considered restricted and are detailed in the supplemental schedules.

General Program loans include single family, multifamily and business finance loans acquired under various programs of the General Program, loans to be sold through the issuance of Ginnie Mae securities, loans to be sold to Fannie Mae and Freddie Mac, loans to be pooled and swapped for securities issued by Fannie Mae, loans held as investments and loans backed by bonds within the General Program. These loans are typically collateralized by mortgages on real property and improvements. Certain of these loans are also insured or guaranteed by agencies of the U.S. government.

Single family bond program loans are collateralized by mortgages on applicable real property and, in the case of loans with an initial loan-to-value ratio of 80% or more, are generally either insured by the FHA or guaranteed by the VA or RD or insured by private mortgage insurance.

The single family loan portfolio included in the general and single family programs as of December 31, 2023 was comprised of \$442.3 million of FHA insured loans, \$10.9 million of VA guaranteed loans, \$6.0 million of RD guaranteed loans and \$46.7 million of conventional insured loans with the balance of \$448.0 million made up of uninsured conventional and second mortgage loans.

The single family loan portfolio included in the general and single family programs as of December 31, 2022 was comprised of \$332.3 million of FHA insured loans, \$9.9 million of VA guaranteed loans, \$6.4 million of RD guaranteed loans and \$27.1 million of conventional insured loans with the balance of \$389.9 million made up of uninsured conventional and second mortgage loans.



**Notes to Basic Financial Statements**  
*(tabular dollar amounts are in thousands)*

The Authority is exposed to operational risk, which makes it subject to loss or repurchase of insured FHA loans if specific guidelines are not met. As of December 31, 2023 and 2022, the Authority recorded a reserve of \$180 thousand and \$208 thousand, respectively, for claim refunds to be paid to the HUD.

As of December 31, 2023 and 2022, single family mortgage loans with pending foreclosure actions have aggregate principal balances of approximately \$11.2 million and \$33.2 million, respectively. As of December 31, 2023 and 2022, the aggregate principal balance of single family mortgage loans delinquent 91 days or greater was approximately \$70.5 million and \$101.4 million, respectively.

The Multifamily/Business Program loans and a portion of General Program loans are commercial loans. Commercial loans are collateralized by mortgages on applicable real estate and, in some cases, are insured by an agency of the U.S. government, which reduces the credit risk exposure for that type of insured loan.

As of December 31, 2023, approximately \$468.1 million, or 75.7%, of the commercial loan balances are not covered by insurance. The insured loans were comprised of \$301.3 million of Section 542(c) risk share loans, which are 50% insured.

As of December 31, 2022, approximately \$406.1 million, or 74.7%, of the commercial loan balances are not covered by insurance. The insured loans were comprised of \$275.7 million of Section 542(c) risk share loans, which are 50% insured.

As of December 31, 2023 and 2022, there were no commercial loans with pending foreclosure actions. As of December 31, 2023 and 2022, the aggregate principal balance of commercial loans delinquent 91 days or greater was approximately \$200 thousand and \$305 thousand, respectively.

Activity in the allowance for loan loss for the years ended December 31, was as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 8,922	\$ 7,255
Provision	10,065	2,245
Net charge-offs		
Single Family	(1,927)	(499)
Multifamily/Business	(443)	(79)
Ending balance	<u>\$ 16,617</u>	<u>\$ 8,922</u>

The Authority services loans that it securitizes as Ginnie Mae mortgage-backed securities and sells. As of December 31, 2023 and 2022, these loans totaled \$8.1 billion and \$7.2 billion, respectively.

The Authority services loans on the behalf of others, primarily for Fannie Mae and Freddie Mac, which are not reported on the Statement of Net Position. As of December 31, 2023 and 2022, these outstanding loan balances were \$1.8 billion and \$1.5 billion, respectively.



*Notes to Basic Financial Statements*  
*(tabular dollar amounts are in thousands)*

The Authority has granted terms and interest rate concessions to debtors, which are considered troubled debt restructurings, as of December 31, as summarized below:

<b>Single Family Program Loans:</b>	<b>2023</b>	<b>2022</b>
Aggregate recorded balance	\$ 79,965	\$ 78,717
Number of loans	477	472
Gross interest revenue if receivables had been current	\$ 4,072	\$ 3,996
Interest revenue included in changes in net position	\$ 3,033	\$ 2,480
<b>Multifamily/Business Program Loans:</b>	<b>2023</b>	<b>2022</b>
Aggregate recorded balance	\$ 3,421	\$ 3,634
Number of loans	5	6
Gross interest revenue if receivables had been current	\$ 160	\$ 174
Interest revenue included in changes in net position	\$ 165	\$ 173



*Notes to Basic Financial Statements*  
(tabular dollar amounts are in thousands)

**(4) Capital Assets**

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Nondepreciable capital assets:</b>				
Land	\$ 1,573	\$ -	\$ -	\$ 1,573
Construction in progress	576	544	(745)	375
<b>Total nondepreciable capital assets</b>	<b>2,149</b>	<b>544</b>	<b>(745)</b>	<b>1,948</b>
<b>Depreciable capital assets:</b>				
Cost:				
Computer equipment/software	8,465	-	(859)	7,606
Furniture and equipment	2,394	745	-	3,139
Buildings and related improvements	13,736	-	-	13,736
<b>Total depreciable capital assets</b>	<b>24,595</b>	<b>745</b>	<b>(859)</b>	<b>24,481</b>
Less accumulated depreciation:				
Computer equipment/software	(7,678)	(362)	859	(7,181)
Furniture and equipment	(1,257)	(339)	-	(1,596)
Buildings and related improvements	(5,878)	(371)	-	(6,249)
<b>Total accumulated depreciation</b>	<b>(14,813)</b>	<b>(1,072)</b>	<b>859</b>	<b>(15,026)</b>
<b>Total depreciable capital assets, net</b>	<b>9,782</b>	<b>(327)</b>	<b>-</b>	<b>9,455</b>
<b>Total capital assets, net</b>	<b>\$ 11,931</b>	<b>\$ 217</b>	<b>\$ (745)</b>	<b>\$ 11,403</b>





**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Nondepreciable capital assets:</b>				
Land	\$ 1,573	\$ -	\$ -	\$ 1,573
Construction in progress	1,080	544	(1,048)	576
<b>Total nondepreciable capital assets</b>	<b>2,653</b>	<b>544</b>	<b>(1,048)</b>	<b>2,149</b>
<b>Depreciable capital assets:</b>				
Cost:				
Computer equipment/software	7,519	946	-	8,465
Furniture and equipment	2,369	25	-	2,394
Buildings and related improvements	13,736	-	-	13,736
<b>Total depreciable capital assets</b>	<b>23,624</b>	<b>971</b>	<b>-</b>	<b>24,595</b>
Less accumulated depreciation:				
Computer equipment/software	(7,278)	(400)	-	(7,678)
Furniture and equipment	(966)	(291)	-	(1,257)
Buildings and related improvements	(5,494)	(384)	-	(5,878)
<b>Total accumulated depreciation</b>	<b>(13,738)</b>	<b>(1,075)</b>	<b>-</b>	<b>(14,813)</b>
<b>Total depreciable capital assets, net</b>	<b>9,886</b>	<b>(104)</b>	<b>-</b>	<b>9,782</b>
<b>Total capital assets, net</b>	<b>\$ 12,539</b>	<b>\$ 440</b>	<b>\$ (1,048)</b>	<b>\$ 11,931</b>

**(5) Short-Term Debt**

The Authority has an agreement with the FHLB for collateralized borrowings in an amount not to exceed the lending limit internally established by the FHLB, which is 40% of the Authority's total assets, or \$2.1 billion. Amounts drawn under the agreement bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and investments. As of December 31, 2023 and 2022, the Authority had \$94.5 million and \$81.5 million of short-term debt outstanding with the FHLB.

In 2021 the Authority obtained a revolving, unsecured, commercial bank line of credit agreement for borrowings of up to \$50.0 million. In 2023, the Authority increased the limit on the line of credit to \$75.0 million. Amounts drawn under the agreement bear interest fixed at a spread above one-month Term Secured Overnight Financing Rate (SOFR). This line of credit agreement terminates on April 30, 2024. The Authority pays an unused line fee based upon the average daily unused amount of the line of credit computed on the basis of a 360-day year, payable quarterly in arrears. As of December 31, 2023 and 2022, the Authority had \$15.0 million and \$20.0 million of short-term debt outstanding on this agreement.

In 2022 the Authority obtained an additional revolving, unsecured commercial bank line of credit agreement for borrowings of up to \$150.0 million. In 2023, the Authority increased the limit on the line of credit to \$250.0 million. Amounts drawn under the agreement bear interest fixed at a spread above Daily Simple SOFR. This line of credit agreement terminates on March 28, 2024. The Authority pays a commitment fee based upon the actual daily available commitment, payable quarterly in



**Notes to Basic Financial Statements**  
*(tabular dollar amounts are in thousands)*

arrears. As of December 31, 2023 and 2022, the Authority had \$97.0 million and \$61.5 million of short-term debt outstanding on this agreement.

In 2022 the Authority obtained a third revolving, unsecured commercial bank line of credit agreement for borrowings of up to \$250.0 million. Amounts drawn under the agreement bear interest at a spread above Term SOFR. This line of credit agreement terminated on June 1, 2023 and was not renewed. The Authority paid a facility fee based upon the daily available commitment, payable in arrears on the first business day of February, May, August and November. In December 2022, the borrowing limit was reduced from to \$150.0 million. As of December 31, 2022, there was no outstanding balance on this agreement.

Borrowings under these agreements are used to support the Authority's various lending programs, to purchase loans to be sold through the issuance and sale of Ginnie Mae and Fannie Mae securities, to provide additional liquidity for Ginnie Mae loan buyouts and for activities related to the Authority's private activity bond volume cap preservation program. There are no commitment fees associated with these agreements.

Short-term debt activity for the years ended December 31, was as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 162,998	\$ 206,922
Additions	7,503,768	8,145,320
Reductions	<u>(7,460,264)</u>	<u>(8,189,244)</u>
Ending balance	<u>\$ 206,502</u>	<u>\$ 162,998</u>

**(6) Bonds, Notes Payable and Other Liabilities**

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multifamily/Business bonds are used for funding of single family, multifamily and business loans. Long-term debt of the General Program (including notes payable) is used to finance single family and business loans. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2023 and 2022 are shown in the table on the following pages. Interest is payable semiannually unless otherwise noted. Interest rates on variable rate debt reset on a weekly or monthly basis. At December 31, 2023, these rates ranged from 3.75% to 5.43%. At December 31, 2022, these rates ranged from 3.60% to 4.40%.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

**Outstanding Bonds as of December 31:**

Description and due date	Interest rate (%)	2023	2022
<b>Bonds payable:</b>			
<b>Single Family Fund:</b>			
Single Family Mortgage Bonds:			
2001 Series AA	2024 - 2041	Variable	\$ 29,055
2014 Series A	2024 - 2027	3.53	\$ 3,910
2015 Series A	2024 - 2031	2.79 - 4.00	12,425
2015 Series B	2024 - 2025	3.10 - 3.27	1,485
2017 Series A	2024 - 2047	3.00	9,630
2017 Series B	2024 - 2044	Variable and 3.05	8,290
2017 Series AA	2024 - 2047	3.03	9,248
2017 Series CDE	2024 - 2044	Variable and 4.00	31,170
2018 Series AA	2024 - 2048	3.70	18,313
2018 Series AB	2024 - 2048	Variable and 4.00	36,070
2018 Series C	2024 - 2048	2.45 - 4.25	23,515
2018 Series D	2024 - 2029	3.30 - 3.81	15,735
2018 Series BB	2024 - 2048	4.20 - 4.50	24,668
2019 Series ABC	2024 - 2049	Variable and 3.10 - 4.75	45,230
2019 Series DE	2024 - 2049	Variable and 2.05 - 4.25	74,115
2019 Series FG	2024 - 2049	Variable and 2.00 - 4.25	47,250
2019 Series HI	2024 - 2049	Variable and 2.35 - 4.25	57,100
2019 Series AA	2024 - 2049	3.18	21,718
2019 Series BB	2024 - 2049	2.85 - 3.60	19,745
2019 Series JKL	2024 - 2050	Variable and 1.70 - 4.00	71,185
2019 Series CC	2024 - 2050	2.91	20,437
2020 Series ABC	2024 - 2050	Variable and 2.00 - 3.75	76,765
2020 Series AA	2024 - 2050	2.35	27,707
2020 Series BB	2024 - 2050	2.60	22,982
2020 Series DEF	2024 - 2050	Variable and 1.05 - 3.50	86,890
2020 Series GHI	2024 - 2050	Variable and 0.60 - 3.00	110,605
2021 Series ABC	2024 - 2051	Variable and 0.35 - 3.00	111,635
2021 Series DEF	2024 - 2051	0.60 - 3.00	78,280
2021 Series GHIJ	2024 - 2051	Variable and 0.45 - 3.00	122,534
2021 Series KLM	2024 - 2051	Variable and 0.45 - 3.25	120,535
2022 Series ABC	2024 - 2052	Variable and 1.05 - 3.25	123,110
2022 Series AA	2024 - 2052	3.55	49,685
2022 Series D	2024 - 2047	Variable and 2.87 - 5.00	75,000
2022 Series BB	2024 - 2052	4.65 - 4.80	49,895
2022 Series EFG	2024 - 2052	Variable and 2.45 - 5.25	99,990
2022 Series HI	2024 - 2053	Variable and 4.80 - 6.50	149,990
2022 Series JKL	2024 - 2053	Variable and 3.80 - 6.08	99,990
2023 Series AB	2024 - 2053	Variable and 4.25 - 6.00	-
2023 Series CDE	2024 - 2053	Variable and 3.05 - 5.75	-
2023 Series FG	2024 - 2053	Variable and 4.21 - 6.50	-
2023 Series HIJ	2024 - 2053	3.75 - 6.00	-
2023 Series K	2024 - 2053	Variable and 5.04 - 6.50	-
2023 Series LM	2024 - 2054	Variable and 5.21 - 5.75	-
2023 Series N	2024 - 2053	Variable and 5.27 - 6.25	-
2023 Series OP	2024 - 2054	Variable and 5.52 - 6.50	-
2023 Series Q	2024 - 2053	Variable and 5.36 - 6.50	-
Total Single Family Mortgage Bonds			3,243,800
<b>Total Single Family Fund</b>			<b>1,990,842</b>

Table continued on following page.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

Description and due date	Interest rate (%)	2023	2022	
<b>Multifamily/Business Fund:</b>				
Multifamily/Project Bonds:				
2000 Series A	2024 - 2030	Variable	1,470	2,045
2007 Series B	2024 - 2038	Variable	41,320	44,230
2008 Series A	2024 - 2029	Variable	7,125	9,955
2008 Series B	2024 - 2052	Variable	134,390	138,940
2009 Series A	2024 - 2041	Variable	6,770	7,145
2012 Series A	2024 - 2051	3.90 - 4.50	9,090	9,260
2013 Series A	2023 - 2023	Variable	-	355
2013 Series I	2024 - 2044	3.20	2,548	2,688
2016 Series A	2024 - 2041	2.10 - 4.00	9,310	9,675
2016 Series I	2024 - 2056	3.45	4,818	4,886
2016 Series II	2024 - 2056	3.00	8,541	8,667
2016 Series III	2024 - 2052	3.10	3,170	3,229
2016 Series IV	2024 - 2056	3.13	6,077	6,167
2016 Series V	2024 - 2045	3.40	10,883	11,291
2017 Series I	2024 - 2057	3.85	9,652	9,767
2017 Series II	2024 - 2057	3.76	6,245	6,323
2017 Series III	2024 - 2057	3.75	8,985	9,092
2017 Series IV	2024 - 2057	3.64	24,653	24,966
2018 Series A	2024 - 2040	Variable and 3.25 - 3.60	42,135	44,500
2019 Series A	2024 - 2040	1.65 - 3.00	18,245	18,895
2019 Series B	2024 - 2059	1.65 - 3.50	19,675	19,965
2019 Series C	2024 - 2051	Variable	40,000	40,000
2020 Series A	2024 - 2057	Variable	10,160	34,035
2020 Series B	2024 - 2043	0.50 - 2.35	35,025	35,025
2020 Series C	2024 - 2041	0.55 - 2.25	7,920	8,040
2020 Series D	2024 - 2050	Variable and 1.02 - 2.31	51,995	54,915
2020 Series E	2024 - 2061	0.40 - 2.65	24,475	24,560
2021 Series A	2024 - 2042	0.45 - 2.38	20,895	20,895
2021 Series B	2024 - 2024	0.67	8,225	8,225
2021 Series C	2024 - 2061	0.40 - 2.60	9,020	14,200
2021 Series D	2023 - 2023	0.38	-	1,900
2021 Series E	2024 - 2061	0.55 - 2.75	11,085	11,085
2023 Series A	2024 - 2060	2.85 - 4.85	16,080	-
2023 Series BC	2024 - 2066	3.25 - 5.08	22,610	-
2023 Series DE	2024 - 2066	3.90 - 5.74	23,950	-
2023 Series F	2024 - 2066	3.65 - 5.15	34,576	-
Total Multifamily/Project Bonds			691,118	644,921
<b>Total Multifamily/Business Fund</b>			<b>691,118</b>	<b>644,921</b>
<b>Total bonds payable</b>			<b>3,934,918</b>	<b>2,635,763</b>
<b>Premiums classified as bonds payable</b>				
Bond premiums (unamortized)			74,202	56,782
<b>Bonds payable</b>			<b>4,009,120</b>	<b>2,692,545</b>
<b>Notes payable</b>			<b>495</b>	<b>553</b>
<b>Bonds and notes payable</b>			<b>\$ 4,009,615</b>	<b>\$ 2,693,098</b>
<b>Current:</b>				
Bonds payable			\$ 147,400	\$ 185,364
Notes payable			59	58
<b>Noncurrent:</b>				
Bonds and notes payable			3,862,156	2,507,676
<b>Total</b>			<b>\$ 4,009,615</b>	<b>\$ 2,693,098</b>



*Notes to Basic Financial Statements*  
*(tabular dollar amounts are in thousands)*

A breakdown of bonds payable as of December 31, by fixed and variable interest rates, follows in the table below. Certain of the Authority's variable rate debt has been hedged by entering into pay fixed/receive variable rate interest rate swap agreements as further described in note 8. Such debt is referred to in the table as synthetic fixed rate debt.

<b>Description</b>	<b>2023</b>	<b>2022</b>
Fixed rate debt	\$ 2,763,033	\$ 1,725,768
Synthetic fixed rate debt	1,080,740	826,650
Unhedged variable rate debt	91,145	83,345
<b>Total</b>	<b>\$ 3,934,918</b>	<b>\$ 2,635,763</b>

Also included in the table of bonds and notes payable outstanding are certain Single Family and Multifamily/Project bonds, which carry the Authority's general obligation pledge. These general obligation bonds are presented in the following table as of December 31:

<b>Description</b>	<b>2023</b>	<b>2022</b>
Single Family/Mortgage Bonds, Class III	\$ 203,140	\$ 54,515
Multifamily/Project Bonds, Class I	38,085	40,935
Multifamily/Project Bonds, Class II	7,125	9,955
<b>Total</b>	<b>\$ 248,350</b>	<b>\$ 105,405</b>

SBPA's provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees vary by agreement and are based on a percentage of the outstanding bond balance, payable monthly or quarterly. If the liquidity agreements expire or the renewal or replacement efforts are unsuccessful for the liquidity agreements and the bonds are mandatorily redeemed, the bond's principal portion of the debt service requirements would increase by the respective amounts for the respective years as presented in the following schedule of providers and maturities as of December 31, 2023. During 2023 and 2022, the Authority renewed or replaced expiring liquidity facilities of \$124.9 million and \$49.6 million, respectively. Subsequent to year-end, the Authority renewed \$241.3 million of expiring liquidity facilities. Liquidity fees for the years ended December 31, 2023 and 2022, were \$3.1 million and \$2.9 million, respectively.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

A schedule of providers and maturities is presented below, as of December 31, 2023:

Liquidity Expiration	Bank of America (1)(2)	Barclays Capital (3)	FHLB (4)(5)(6)	Royal Bank of Canada (7)(8)	Grand Total
2024	\$ 23,385	\$ -	\$ 236,850	\$ 53,410	\$ 313,645
2025	30,255	13,000	201,060	27,890	272,205
2026	37,500	61,950	271,350	47,555	418,355
2027	-	-	38,000	33,530	71,530
2028	-	-	-	96,150	96,150
<b>Total</b>	<b>\$ 91,140</b>	<b>\$ 74,950</b>	<b>\$ 747,260</b>	<b>\$ 258,535</b>	<b>\$ 1,171,885</b>

The following provides the terms of the debt service requirements that would result if the SBPA commitments were to be exercised (bank bond rate, accelerated payment schedule, and lien):

- (1) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate," which equals the highest of (i) the Federal Funds Rate plus 2.00%, (ii) the Prime Rate plus 1.00% and (iii) 7.5%, then the Base Rate plus 1.00%.  
 (b) Term out provisions: repayments due 366 days following the purchase date and the first business day of every sixth month thereafter to the fifth anniversary of the purchase date with the first such payment being equal to 2/10ths of the outstanding principal amount of such Bank Bonds and each subsequent being equal to 1/10th of such amount. Class III lien/General Obligation.
- (2) (a) Bank Rate: for the first 60 days following the purchase date, the "Base Rate," which equals the highest of (i) the Fed Funds Rate plus 2.50%, (ii) the Prime Rate plus 2.50%, (iii) 150% of the yield on actively traded 30-year United States Treasury Bonds and (iv) 8.00%; then for the period 61-120 days following the purchase date, the Base Rate plus 1.00%; then the Base Rate plus 2.00%.  
 (b) Term out provisions: repayments due 366 days following the purchase date and the first business day of every sixth month thereafter to the fifth anniversary of the purchase date with the first such payment being equal to 2/10ths of the outstanding principal amount of such Bank Bonds and each subsequent being equal to 1/10th of such amount. Class III lien/General Obligation.
- (3) (a) Bank Rate: for the first 60 days following the purchase date, the "Base Rate," which equals the highest of (i) the Fed Funds Rate plus 2.50%, (ii) the Prime Rate plus 2.50%, (iii) 150% of the yield on actively traded 30-year United State Treasury Bonds and (iv) 8.00%; then for the period 61-120 days following the purchase date, the Base Rate plus 1.00%; then the Base Rate plus 2.00%.  
 (b) Term out provisions: repayments due 366 days following purchase date and each six-month anniversary thereafter in equal installments to the third anniversary of such purchase date. Class III lien/General Obligation.
- (4) (a) Bank Rate: SOFR Rate plus 2.115% - 3.00%.  
 (b) Term out provisions: repayments due 90 days after the 366th calendar day following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class III lien/General Obligation.
- (5) (a) Bank Rate: SOFR Rate plus 2.115%.  
 (b) Term out provisions: repayments due 90 days after the 366th calendar day following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class III lien/General Obligation.
- (6) (a) Bank Rate: SOFR Rate plus 2.75%.  
 (b) Term out provisions: repayments due 90 days after the 366th calendar day following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class III lien/General Obligation.
- (7) (a) Bank Rate: for the first 366 days following the purchase date Daily SOFR plus 3.1148%; then for the period 367 days and higher following the purchase date, the "Base Rate," which equals the highest of (i) the Prime Rate plus 2.5%, (ii) the Federal Funds Rate plus 3.0% and (iii) 10.00%.  
 (b) Term out provisions: repayments due on the first business day of February, May, August or November on or following 366 days following purchase date and thereafter quarterly on each such date in equal installments to the third anniversary of such purchase date. Class III lien/General Obligation.
- (8) (a) Bank Rate: for the first 366 days following the purchase date Daily SOFR plus 3.00%; then for the period 367 days and higher following the purchase date, the "Base Rate," which equals the highest of (i) the Prime Rate plus 2.5%, (ii) the Federal Funds Rate plus 3.0% and (iii) 10.00%.  
 (b) Term out provisions: repayments due on the first business day of February, May, August or November on or following 366 days following purchase date and thereafter quarterly on each such date in equal installments to the third anniversary of such purchase date. Class III lien/General Obligation.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

The following table presents the detail of bonds, notes payable and certain other liabilities that include current and noncurrent activity for the year ended December 31, 2023:

Description	Beginning			Ending		Current	Noncurrent
	Balance	Additions	Reductions	Balance			
Bonds payable	\$ 2,635,763	\$ 1,530,720	\$ (231,565)	\$ 3,934,918	\$ 144,672	\$ 3,790,246	
Bond premiums - unamortized	56,782	22,320	(4,900)	74,202	2,728	71,474	
Total bonds payable	2,692,545	1,553,040	(236,465)	4,009,120	147,400	3,861,720	
Notes payable	553	-	(58)	495	59	436	
Unearned revenue	9,159	1,819	(900)	10,078	672	9,406	
Other liabilities	46,399	4,515	(1,034)	49,880	773	49,107	
Total other liabilities	55,558	6,334	(1,934)	59,958	1,445	58,513	
Total	\$ 2,748,656	\$ 1,559,374	\$ (238,457)	\$ 4,069,573	\$ 148,904	\$ 3,920,669	

The following table presents the detail of bonds, notes payable and certain other liabilities that include current and noncurrent activity for the year ended December 31, 2022:

Description	Beginning			Ending		Current	Noncurrent
	Balance	Additions	Reductions	Balance			
Bonds payable	\$ 2,359,860	\$ 649,970	\$ (374,067)	\$ 2,635,763	\$ 181,455	\$ 2,454,308	
Bond premiums - unamortized	50,091	10,718	(4,027)	56,782	3,909	52,873	
Total bonds payable	2,409,951	660,688	(378,094)	2,692,545	185,364	2,507,181	
Notes payable	610	-	(57)	553	58	495	
Unearned revenue	8,095	1,873	(809)	9,159	611	8,548	
Other liabilities	42,450	4,760	(811)	46,399	709	45,690	
Total other liabilities	50,545	6,633	(1,620)	55,558	1,320	54,238	
Total	\$ 2,461,106	\$ 667,321	\$ (379,771)	\$ 2,748,656	\$ 186,742	\$ 2,561,914	



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

Bonds and notes payable sinking fund installments and contractual maturities subsequent to December 31, 2023, using rates in effect as of December 31, 2023, are as follows:

Years Ending December 31,	Single Family		Multifamily / Business		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 83,300	\$ 152,149	\$ 61,372	\$ 26,788	\$ 59	\$ 6
2025	62,675	151,246	9,135	25,787	59	5
2026	77,665	149,038	35,760	25,607	25	4
2027	72,480	146,151	30,010	23,909	26	4
2028	69,000	143,358	9,380	23,325	26	4
2029 - 2033	390,825	668,369	43,825	111,848	133	12
2034 - 2038	466,745	567,289	43,120	104,474	140	7
2039 - 2043	528,115	440,297	86,645	93,915	27	1
2044 - 2048	652,173	291,770	31,740	83,146	-	-
2049 - 2053	832,397	110,451	229,185	58,276	-	-
2054 - 2058	8,425	255	91,941	14,865	-	-
2059 - 2063	-	-	13,930	2,629	-	-
2064 - 2066	-	-	5,075	465	-	-
Total	\$ 3,243,800	\$ 2,820,373	\$ 691,118	\$ 595,034	\$ 495	\$ 43

**(7) Conduit Debt Obligation**

The Authority has issued certain conduit bonds, the proceeds of which were made available to various developers and corporations for rental housing and commercial purposes. The bonds are payable solely from amounts received by the trustees. The faith and credit of the Authority is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

As of December 31, 2023 and 2022, the aggregate principal amount of conduit debt outstanding totaled \$1.9 billion and \$1.3 billion, respectively.

**(8) Derivative Instruments**

The Authority reports derivative instruments at fair value. The fair value of all derivatives is reported on the Statement of Net Position as a derivative instrument at the end of the year. If an interest rate hedge is considered ineffective, it is referred to as an investment derivative and the change in fair value is reported on the Statement of Revenues, Expenses and Changes in Net Position as investment derivative activity loss. The annual changes in the fair value of effective hedging derivative instruments are reported as deferred inflows and outflows, as appropriate, on the Statement of Net Position.

**Swaps Transactions** – The Authority has entered into pay fixed, receive variable interest rate swaps in order to (1) provide lower cost fixed rate financing for its production needs through synthetic fixed rate structures and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The objective of the swaps is to hedge interest rate risk.





*Notes to Basic Financial Statements*  
*(tabular dollar amounts are in thousands)*

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon rate bonds due on the date of each future net settlement payment on the swaps.

The Authority's interest rate swaps, which are used to hedge interest rate risk, are generally considered to be hedging derivative instruments under GASB No. 53. However, certain interest rate swaps have been deemed ineffective and are classified as investment derivative instruments.

There were no deemed termination events for the years ended December 31, 2023 and 2022.

The Authority entered into the following interest rate swap agreements during 2023, the swaps are considered to be effective interest rate hedges of certain single family bonds:

<b>Effective Date</b>	<b>Amount</b>
March 8	\$ 21,000
March 21	33,910
May 10	25,150
July 20	40,000
September 6	37,500
September 20	50,000
November 8	40,320
December 13	43,040
Total	\$ 290,920

The Authority entered into the following interest rate swap agreements during 2022, the swaps are considered to be effective interest rate hedges of certain single family bonds:

<b>Effective Date</b>	<b>Amount</b>
February 23	\$ 30,140
May 25	26,625
November 1	33,530
November 29	20,275
December 15	33,530
Total	\$ 144,100



*Notes to Basic Financial Statements*  
*(tabular dollar amounts are in thousands)*

A summary of interest rate swaps for the years ended December 31, was as follows:

<b>Summary of Interest Rate Swaps</b>	<b>2023</b>	<b>2022</b>
	<b>Fair Value</b>	<b>Fair Value</b>
Par optional termination right	\$ (70,506)	\$ (85,049)
Trigger	458	307
Plain	15,808	15,508
Total fair value	\$ (54,240)	\$ (69,234)

*Trigger:* The variable rate received on these swaps is 68% of the one-month SOFR plus a spread, if SOFR plus a spread is equal to or greater than 3.5%. The variable rate received on these swaps is based on the Securities Industry Financial Markets Association Municipal Swap Index (SIFMA) plus a spread if the one-month SOFR plus a spread is less than 3.5%. See further discussion in the basis risk section below.

*Par Optional Termination Right:* Certain swaps contain a cancellation clause that provides the Authority the option to cancel a certain amount of the swaps on certain dates. The Authority may cancel the optional termination amount for no payment (callable at par). The optional termination dates coincide with the debt service dates on the associated hedged bonds payable. These dates and amounts are provided in the table below.

**Detail of Outstanding Interest Rate Swaps** – The key terms, including the fair values and counterparty credit ratings of the outstanding swaps as of December 31, 2023 and 2022, are shown in the table below. Except as discussed under amortization risk below, the Authority’s swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable. Based on the standard swap agreement, payments are settled on a net basis.

The Authority enters into master netting arrangements with each of its swap counterparties. All of the agreements provide for the netting of the value of assets and liability positions of all transactions with the respective counterparty. There are no other significant transactions with these counterparties outside of these swap agreements, such that the aggregate amount of liabilities included in the master netting arrangements is equal to the net fair value of the swaps.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

**Outstanding Swaps as of December 31:**

Swap Series	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2023 Fair Value **	Change in Fair Value	2022 Fair Value **
<b>Single Family:</b>												
<b>Investment derivatives</b> (includes overhedged portion of interest rate swaps):												
2019B-2 (A)	\$ 7,000	1/3/2019	5/1/2042	2.9675%	SOFR + 11.448 bp				AA- / Aa2	\$ (181)	\$ (181)	\$ -
2019G-2	1,130	7/15/2019	5/1/1943	3.2275%	SOFR + 11.448 bp	***	5/1/2024	1,130	AA- / Aa2	(86)	(86)	-
2019I-2	3,980	7/23/2019	11/1/2040	2.5800%	SOFR + 11.448 bp	***	5/1/2024	3,085	AA- / Aa1	(478)	(207)	(271)
2019L-2	8,910	11/20/2019	5/1/2041	2.2300%	SOFR + 11.448 bp	***	5/1/2024	8,910	AA- / Aa1	(1,326)	(220)	(1,106)
2020C-2	9,800	2/20/2020	5/1/2041	2.2480%	SOFR + 11.448 bp	***	5/1/2024	2,690	A+ / Aa2	(1,497)	154	(1,651)
2020F-2	735	7/30/2020	5/1/2041	1.2245%	SOFR + 11.448 bp	***	5/1/2024	735	AA- / Aa1	(168)	14	(182)
2020I-2	4,900	10/29/2020	5/1/2041	1.3510%	SOFR + 11.448 bp	***	11/1/2024	2,895	A+ / Aa2	(1,208)	(160)	(1,048)
2021C-2	5,085	1/21/2021	11/1/2043	1.6190%	SOFR + 11.448 bp	***	11/1/2024	4,085	AA- / Aa1	(1,098)	(104)	(994)
<b>Total</b>	<b>41,540</b>									<b>(6,042)</b>	<b>(790)</b>	<b>(5,252)</b>
<b>Hedging derivatives:</b>												
2001AA-2 ****	24,055	12/4/2008	5/1/2031	5.5260%	Trigger, SIFMA + .05% or 68% SOFR + 7.785bp				A+ / A1	458	151	307
2012A-2 (SPV)	17,625	5/1/2018	5/1/2038	2.3230%	70% SOFR + 8.014 bp	***	5/1/2030	8,485	A+ / Aa2	(1,147)	167	(1,314)
2018B-2	19,515	5/1/2019	11/1/2041	2.6000%	70% SOFR + 8.014 bp	***	5/1/2030	6,300	AA- / Aa1	(603)	201	(804)
2019B-2 (A)	3,000	1/3/2019	5/1/2028	2.9675%	SOFR + 11.448 bp				AA- / Aa2	(78)	296	(374)
2019B-2 (B)	10,000	1/3/2019	5/1/2042	3.7575%	SOFR + 11.448 bp	***	5/1/2025	10,000	AA- / Aa2	(656)	115	(771)
2019D	38,315	5/1/2019	11/1/2037	2.4300%	70% SOFR + 8.014 bp				A+ / Aa2	(2,033)	437	(2,470)
2019G-2	21,000	7/15/2019	5/1/2043	3.2275%	SOFR + 11.448 bp	***	5/1/2024	540	AA- / Aa2	(1,600)	328	(1,928)
2019I-2	26,020	7/23/2019	11/1/2040	2.5800%	SOFR + 11.448 bp				AA- / Aa1	(3,129)	663	(3,792)
2019L-2	30,255	11/20/2019	5/1/2041	2.2300%	SOFR + 11.448 bp	***	5/1/2024	35	AA- / Aa1	(4,505)	854	(5,359)
2020C-2	27,890	2/20/2020	5/1/2041	2.2480%	SOFR + 11.448 bp				A+ / Aa2	(4,259)	440	(4,699)
2020F-2	36,425	7/30/2020	5/1/2041	1.2245%	SOFR + 11.448 bp	***	5/1/2024	2,920	AA- / Aa1	(8,283)	739	(9,022)
2020I-2	36,790	10/29/2020	5/1/2044	1.3510%	SOFR + 11.448 bp				A+ / Aa2	(9,068)	809	(9,877)
2021C-2	38,000	1/21/2021	11/1/2043	1.6190%	SOFR + 11.448 bp				AA- / Aa1	(8,204)	758	(8,962)
2021M-2	21,000	11/18/2021	11/1/2030	1.4408%	SOFR + 11.448 bp				AA- / Aa2	(2,488)	466	(2,954)
2022C-2	30,140	2/23/2022	11/1/2030	1.6980%	SOFR + 11.448 bp				A+ / Aa1	(3,381)	626	(4,007)
2022D-2	26,220	5/25/2022	5/1/2041	3.0680%	SOFR + 11.448 bp	***	11/1/2031	19,695	AA- / Aa2	(1,643)	267	(1,910)
2022G-2	32,945	11/1/2022	11/1/2040	3.1960%	SOFR + 11.448 bp	***	11/1/2031	22,450	AA- / Aa2	(1,545)	313	(1,858)
2022H-3	20,135	11/29/2022	5/1/2039	4.5230%	SOFR + 11.448 bp	***	11/1/2029	15,995	AA- / Aa1	434	33	401
2022L-2	33,295	12/15/2022	11/1/2039	4.4940%	SOFR + 11.448 bp	***	11/1/2029	27,180	AA- / Aa1	817	55	762
2023A-2	20,775	3/8/2023	11/1/2042	3.8700%	SOFR + 11.448 bp	***	5/1/2030	16,830	A+ / Aa1	(454)	(454)	-
2023E-2	33,825	3/21/2023	5/1/2041	3.9400%	SOFR + 11.448 bp	***	5/1/2030	27,075	A+ / Aa1	(232)	(232)	-
2023F-2	25,150	5/10/2023	5/1/2041	3.9710%	SOFR + 11.448 bp	***	5/1/2030	20,320	AA- / Aa2	(299)	(299)	-
2023K-2	40,000	7/20/2023	11/1/2042	4.2210%	SOFR + 11.448 bp	***	5/1/2030	31,430	AA- / Aa1	140	140	-
2023M-2	37,500	9/6/2023	5/1/2044	4.4150%	SOFR + 11.448 bp	***	11/1/2030	27,325	AA- / Aa2	850	850	-
2023N-2	50,000	9/20/2023	5/1/2044	4.6900%	SOFR + 11.448 bp				A+ / Aa2	1,838	1,838	-
2023P-2	40,320	11/8/2023	5/1/2042	5.1140%	SOFR + 11.448 bp	***	11/1/2030	30,975	A+ / Aa1	2,751	2,751	-
2023Q-2	43,040	12/13/2023	11/1/2046	4.9690%	SOFR + 11.448 bp	***	11/1/2030	35,030	A+ / Aa1	2,372	2,372	-
<b>Total</b>	<b>783,235</b>									<b>(43,947)</b>	<b>14,684</b>	<b>(58,631)</b>
<b>Total Single Family</b>	<b>824,775</b>									<b>(49,989)</b>	<b>13,894</b>	<b>(63,883)</b>

Table continued on following page.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

Swap Series	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty S&P/Moody's Rating	2023 Fair Value **	Change in Fair Value	2022 Fair Value **
<b>Multifamily:</b>												
<b>Investment derivatives</b> (includes overhedged portion of interest rate swaps):												
2007B-2 (D) ****	-	12/3/2008	4/1/2028	4.6510%	SIFMA + .15%	***			A+ / A1	-	(7)	7
2009A-1 ****	4,570	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	4/1/2024	4,520	A+ / A1	(50)	(70)	20
2013A ****	-	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A+ / A1	-	(31)	31
<b>Total</b>	<b>4,570</b>									<b>(50)</b>	<b>(108)</b>	<b>58</b>
<b>Hedging derivatives:</b>												
2006A-1 ****	1,525	12/3/2008	4/1/2027	5.7100%	SOFR + 16.448 bp				A+ / A1	(99)	84	(183)
2007B-1 ****	3,570	12/3/2008	4/1/2038	5.6400%	SOFR + 16.448 bp	***			A+ / A1	(407)	168	(575)
2007B-1 (replacement)	34,065	4/1/2021	10/1/2038	1.2990%	SOFR + 11.448 bp	***	4/1/2027	15,195	AA- / Aa1	(7,148)	677	(7,825)
2008B (a) ****	93,975	12/3/2008	10/1/2044	5.1722%	SOFR + 11.448 bp				AA- / Aa1	14,542	(596)	15,138
2008B (b) ****	40,415	12/3/2008	3/1/2047	5.2071%	SOFR + 11.448 bp				AA- / Aa1	7,493	(410)	7,903
2009A-1 ****	6,720	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	4/1/2024	6,595	A+ / A1	(394)	45	(439)
2013A ****	-	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A+ / A1	-	46	(46)
2018A-2	24,410	4/1/2018	4/1/2040	3.1450%	SOFR + 11.448 bp	***	4/1/2025	22,185	AA- / Aa2	(1,919)	187	(2,106)
2019C (A)	30,000	10/1/2019	10/1/2034	1.6000%	SOFR + 11.448 bp	***	10/1/2026	26,500	A+ / Aa1	(3,744)	700	(4,444)
2019C (B)	9,615	10/1/2019	10/1/2039	1.8510%	SOFR + 11.448 bp	***	10/1/2028	8,685	A+ / Aa1	(1,856)	152	(2,008)
2020A	10,160	4/1/2023	4/1/2050	1.4630%	SIFMA	***	4/1/2032	8,210	A+ / Aa1	(1,894)	456	(2,350)
2020D-2	29,180	10/1/2020	4/1/2050	1.3600%	SOFR + 11.448 bp	***	10/1/2029	13,020	A+ / Aa1	(8,258)	216	(8,474)
2018A-2	10,090	5/1/2023	4/1/2040	3.7250%	SOFR + 11.448 bp	***	4/1/2033	25,795	A+ / Aa1	(517)	(517)	-
<b>Total</b>	<b>293,725</b>									<b>(4,201)</b>	<b>1,208</b>	<b>(5,409)</b>
<b>Total Multifamily</b>	<b>298,295</b>									<b>(4,251)</b>	<b>1,100</b>	<b>(5,351)</b>
<b>Total</b>	<b>\$1,123,070</b>									<b>\$ (54,240)</b>	<b>\$ 14,994</b>	<b>\$ (69,234)</b>

(\*) SIFMA is the Securities Industry Financial Markets Association Municipal Swap Index; SOFR is the Secured Overnight Financing Rate.

(\*\*) All fair values include the effect of any related embedded option.

(\*\*\*) Par optional termination right.

(\*\*\*\*) Swaps for which cash premiums were received in the amount of \$73.4 million in 2008. The outstanding unamortized balance of the premium is reported on the Statement of Net Position as a component of hybrid instrument borrowings.

(SPV) Counterparty operates as a special-purpose vehicle.



### Risk Disclosure

**Credit Risk:** All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result, the Authority is exposed to credit risk – that is, the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled "Fair Value" in the outstanding swaps table above. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2023 and 2022, the Authority was exposed to minimal credit risk to any of its counterparties. To mitigate credit risk, the Authority maintains strict credit standards for swap counterparties. All swap counterparties must be rated in the AA/Aa or higher category by either Standard & Poor's (S&P) or Moody's Investors Service (Moody's), respectively, at the time the contract is executed. Since the time of contract execution, certain counterparty ratings were lowered due to the national recession.

At December 31, 2023, the Authority had executed 39 swap transactions with five counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown in the following table:

Swap Count	Notional Amount	Concentration	Counterparty Rating (S&P / Moody's)
11	\$ 430,810	38.4%	AA- / Aa1
10	257,145	22.9%	A+ / Aa1
9	209,355	18.6%	AA- / Aa2
5	185,320	16.5%	A+ / Aa2
4	40,440	3.6%	A+ / A1
39	\$ 1,123,070	100.0%	

At December 31, 2022, the Authority had executed 32 swap transactions with five counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown in the following table:

Swap Count	Notional Amount	Concentration	Counterparty Rating (S&P / Moody's)
9	\$ 248,690	29.3%	A+ / Aa2
7	149,185	17.6%	AA- / Aa2
6	52,300	6.2%	A / A1
10	397,735	46.9%	AA- / Aa1
32	\$ 847,910	100.0%	

**Interest Rate Risk:** The Authority is exposed to interest rate risk in that as the variable rates on the swaps agreements decrease, the Authority's net payment on the swap agreement would increase.

**Basis Risk:** The Authority is exposed to basis risk when the variable interest rate paid to the holders of its variable rate demand obligations is not equivalent to the variable interest rate received from its counterparties on the related swap agreements.



When exposed to basis risk, the net interest expense incurred on the combination of the swap agreement and the associated variable rate debt may be higher or lower than anticipated.

The Authority's tax-exempt variable rate bond interest payments are substantially equivalent to the SIFMA rate (plus a trading spread). Certain tax-exempt swaps, as indicated in the table above, contain a trigger feature in which the Authority receives a rate indexed on SIFMA should SOFR plus 11.448 basis points be less than a predetermined level (the trigger level, 3.5%), or a rate pegged at a percentage of SOFR plus 11.448 basis points should SOFR plus 11.448 basis points be equal to or greater than the predetermined trigger level. For these swaps, the Authority would be negatively exposed to basis risk during the time period it is receiving the rate based on a percentage of SOFR should the relationship between SOFR and SIFMA converge.

The Authority's taxable variable rate bond interest payments, which reset on a weekly basis, are generally hedged with a SOFR-based swap agreement. The Authority receives SOFR plus 11.448 basis points (plus a trading spread) or SOFR plus 11.448 basis points flat for all of its taxable swaps and therefore is only exposed to basis risk to the extent that the Authority's bonds diverge from these formulations of SOFR.

*Termination Risk:* The Authority's swap agreements do not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards, the Authority or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination a swap has a negative value, the Authority would be liable to the counterparty for a payment equal to the fair value of such swap.

There are certain termination provisions relevant to the Authority's counterparties operating as special-purpose vehicles (SPV) with a terminating structure. In the case of certain events, including the credit downgrade of the SPV or the failure of the parent company to maintain certain collateral levels, the SPV would be required to wind up its business and terminate all of its outstanding transactions with all clients, including the Authority. All such terminations would be at mid-market pricing. In the event of such termination, the Authority would be exposed to the risk of market re-entry and the cost differential between the mid-market termination and the offered price upon re-entry.

*Rollover Risk:* The Authority is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty's option prior to the maturity of the associated debt. As of December 31, 2023 and 2022, the Authority was not exposed to rollover risk.

*Amortization Risk:* The Authority is exposed to amortization risk in the event that the swap amortization schedules fail to match the actual amortization of the underlying bonds as a result of loan prepayments, which significantly deviate from expectations. If prepayments are significantly higher than anticipated, the Authority would have the option of reinvesting or recycling the prepayments, or calling unhedged bonds. Alternatively, if the Authority chose to call bonds associated with the swap, the Authority could elect an early termination of the related portions of the swap at a potential cost to the Authority. If prepayments are significantly lower than anticipated and the associated bonds remained outstanding longer than the relevant portion of the swap, the Authority could experience an increase in its exposure to unhedged variable rate bonds. Alternatively, the Authority could choose to enter into a new swap or an extension of the existing swap. If interest rates are higher at the time of entering into a new swap or swap extension, such action would result in an increased cost to the Authority.

*Collateral Requirements:* As of December 31, 2023 and 2022, swaps with a fair value of \$(53.7) million and \$(68.4) million, respectively, require the Authority to post collateral in the event that the underlying Class I bond rating drops below Aa3 as issued by Moody's Investor Service or AA- as issued by Standard & Poor's. Collateral requirements range up to 100% of the fair value of the swap depending on the bond rating. Over collateralization is required for investments posted in lieu of cash. At December 31, 2023 and 2022, the ratings of bonds subject to collateral requirements exceed the levels specified in the swap agreements.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

**Swap Payments** – Using interest rates as of December 31, 2023, debt service requirements of the Authority's outstanding variable rate debt and net swap payments were as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.

Years Ending December 31,	Changes in			
	Notional Amounts	Interest	Swaps, Net	Total
2024	\$ 23,955	\$ 55,473	\$ (22,383)	\$ 57,045
2025	30,690	54,537	(23,808)	61,419
2026	34,535	53,038	(23,226)	64,347
2027	35,690	51,363	(22,660)	64,393
2028	42,920	49,570	(21,849)	70,641
2029 - 2033	285,485	212,561	(90,651)	407,395
2034 - 2038	366,585	134,555	(49,665)	451,475
2039 - 2043	251,685	43,814	(12,503)	282,996
2044 - 2048	41,820	6,642	(2,702)	45,760
2049 - 2050	9,705	658	(478)	9,885
<b>Total</b>	<b>\$1,123,070</b>	<b>\$ 662,211</b>	<b>\$ (269,925)</b>	<b>\$ 1,515,356</b>

**Hybrid Instrument Borrowings** – Certain interest rate swaps, as identified on the detailed swap table above, include fixed rates that were off-market at the execution of the interest rate swaps. For financial reporting purposes, these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings, with an aggregate original amount of \$98.0 million reflecting the fair value of the instrument at its execution, and an interest rate swap with a fixed rate that was considered at-the-market at execution.

Activity for the hybrid instrument borrowings for the years ended December 31, was as follows:

	2023	2022
Beginning balance	\$ 3,680	\$ 4,722
Reductions	(775)	(1,042)
Ending balance	\$ 2,905	\$ 3,680



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

The following table sets forth as of December 31, 2023, payments of principal and interest on the hybrid instrument borrowings for the next five years and thereafter. The total payments generally reflect the difference between the stated fixed rate of the hybrid instrument and the at-the-market fixed rate at the execution of the instrument.

Years Ending December 31,	Principal and Interest
2024	\$ 623
2025	534
2026	441
2027	336
2028	234
2029-2033	498
2034-2038	174
2039-2043	60
2044-2047	5
<b>Total</b>	<b>\$ 2,905</b>

**Forward Sales Contracts** – The Authority has entered into forward sales of mortgage backed securities with the To-Be-Announced market in order to lock in the sales price of certain single family loans to be securitized and later sold. The contracts offset potential changes in interest rates between the time of the loan reservation and the securitization and sale of such loans into Ginnie Mae and Fannie Mae securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative activity gains or losses on the Statement of Revenues, Expenses and Changes in Net Position.

The outstanding forward contracts, summarized by counterparty as of December 31, 2023, were as follows:

Count	Par	Exposure	Original Sales		12/31/23		Counterparty Rating (S&P / Moody's)
			Price		Premium	Fair Value	
1	\$ 6,000	6.5%	\$ 6,083	\$ 6,177	\$ 94	A+ / AA	
1	4,000	4.3%	4,090	4,094	4	BBB+ / Baa1	
3	16,000	17.4%	16,141	16,441	300	AA- / Aa2	
2	15,000	16.3%	15,222	15,413	191	A+ / A1	
1	25,000	27.3%	25,719	25,652	(67)	BBB+ / Baa1	
3	14,000	15.2%	14,226	14,376	150	A / A1	
3	12,000	13.0%	12,199	12,274	75	BBB+ / A1	
<b>14</b>	<b>\$ 92,000</b>	<b>100.0%</b>	<b>\$ 93,680</b>	<b>\$ 94,427</b>	<b>\$ 747</b>		





**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

The outstanding forward contracts, summarized by counterparty as of December 31, 2022, were as follows:

Count	Par	Original Sales		12/31/22		Counterparty Rating (S&P / Moody's)
		Exposure	Price	Premium	Fair Value	
2	\$ 14,000	18.2%	\$ 14,090	\$ 13,998	\$ (92)	A+ / Aa2
4	13,000	16.9%	13,196	13,244	48	A / A1
3	12,000	15.6%	12,282	12,252	(30)	A+ / Aa3
2	35,000	45.4%	35,597	35,804	207	BBB+ / Baa1
1	3,000	3.9%	2,982	3,054	72	A+ / Aa3
12	\$ 77,000	100.0%	\$ 78,147	\$ 78,352	\$ 205	

**Summary**

A summary of derivative instruments activity for the years ended December 31, is as follows:

	2023				2022			
	Hedging	Investments		Total	Hedging	Investments		Total
	Swaps	Swaps	Forwards		Swaps	Swaps	Forwards	
Fair value, beginning	\$ (64,043)	\$ (5,191)	\$ 205	\$ (69,029)	\$ 67,126	\$ 1,131	\$ (1,377)	\$ 66,880
Settlements	18,683	556	(205)	19,034	(7,040)	(342)	1,377	(6,005)
Change in fair value	(2,788)	(1,457)	747	(3,498)	(124,129)	(5,980)	205	(129,904)
Fair value, ending	\$ (48,148)	\$ (6,092)	\$ 747	\$ (53,493)	\$ (64,043)	\$ (5,191)	\$ 205	\$ (69,029)

**(9) Debt Refundings**

There were no debt refunding transactions during 2023 or 2022.

**(10) Fair Value Measurement**

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities and gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. These measurements are described as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

The Authority has the following recurring fair value measurements as of December 31, 2023:

	12/31/2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
U.S. government agencies	\$ 2,715,294	\$ 20,195	\$ 2,695,099	\$ -
U.S. Treasuries	5,103	4,910	193	-
Total investments by fair value level		<u>\$ 25,105</u>	<u>\$ 2,695,292</u>	<u>\$ -</u>
<b>Other investments not subject to the leveling hierarchy</b>				
Investment agreements - uncollateralized	23,358			
Repurchase agreements	12,599			
Money market funds	500,044			
Total investments	<u>\$ 3,256,398</u>			
<b>Derivative instruments</b>				
Forward sale agreements	\$ (747)	\$ -	\$ (747)	\$ -
Hedging and investment derivatives	54,240	-	54,240	-
Total derivative instruments	<u>\$ 53,493</u>	<u>\$ -</u>	<u>\$ 53,493</u>	<u>\$ -</u>

Investments and derivative instruments classified as Level 2 are valued using either bid evaluation or a matrix-based pricing technique. Bid evaluations are typically based on market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on a securities' relationship to benchmark quoted prices.

As of December 31, 2023, the Authority held investments totaling \$36.0 million that were not subject to the leveling hierarchy, these investments consisted of private, guaranteed investment contracts categorized as either investment agreements or repurchase agreements. Additionally, the Authority held investments in money market funds totaling \$500.0 million which were not subject to the leveling hierarchy as amounts are recorded based on amortized cost.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

The Authority has the following recurring fair value measurements as of December 31, 2022:

	12/31/2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
U.S. government agencies	\$ 1,537,197	\$ 24,174	\$ 1,513,023	\$ -
U.S. Treasuries	4,979	4,794	185	-
Total investments by fair value level		\$ 28,968	\$ 1,513,208	\$ -
<b>Other investments not subject to the leveling hierarchy</b>				
Investment agreements - uncollateralized	53,142			
Repurchase agreements	11,794			
Money market funds	392,663			
External investment pools	10,672			
Total investments	\$ 2,010,447			
<b>Derivative instruments</b>				
Forward sale agreements	\$ (205)	\$ -	\$ (205)	\$ -
Hedging and investment derivatives	69,234	-	69,234	-
Total derivative instruments	\$ 69,029	\$ -	\$ 69,029	\$ -

Investments and derivative instruments classified as Level 2 are valued using either bid evaluation or a matrix-based pricing technique. Bid evaluations are typically based on market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on a securities' relationship to benchmark quoted prices.

As of December 31, 2022, the Authority held investments totaling \$64.9 million that were not subject to the leveling hierarchy, these investments consisted of private, guaranteed investment contracts categorized as either investment agreements or repurchase agreements. Additionally, the Authority held investments in money market funds and in an external governmental investment pool totaling \$392.7 million and \$10.7 million, respectively, which were not subject to the leveling hierarchy as amounts are recorded based on amortized cost.

**(11) Restricted and Unrestricted Net Position**

The amounts restricted for the Single Family bond programs and the Multifamily/Business bond programs are for the payment of principal, redemption premium, if any, and interest, including net swap payments, on all outstanding single family and multifamily/business bond issues, in the event that no other funds are legally available for such payments. Such assets are segregated within the Single Family and Multifamily/Business bond programs and are held in cash, loans receivable and investments.

The Board may authorize the withdrawal of all or part of this restricted balance if (1) updated cash flow projections indicate that adequate resources will exist after any withdrawal to service the outstanding debt, subject to approval by the bond trustee and the rating agency review; (2) the Authority determines that such funds are needed for the implementation or maintenance of any duly adopted program of the Authority; and (3) no default exists in the payment of the principal, redemption premium, if any, or interest on such bonds.



*Notes to Basic Financial Statements*  
*(tabular dollar amounts are in thousands)*

The Board has designated certain amounts of the unrestricted net position of the General Programs as of December 31, 2023 and 2022, for various purposes, as indicated in the following table. These designations of net position are not binding and can be changed by the Board.

Unrestricted Net Position for the years ended December 31:

	2023	2022
Designations:		
Housing lending program	\$ 560,406	\$ 519,766
Commerical lending program	521	892
General operating and working capital reserves	38,824	40,241
Debt reserves	75,571	92,415
Total general programs unrestricted net position	\$ 675,322	\$ 653,314

## (12) Retirement Plans

### (a) Summary of Significant Accounting Policies

**Pensions** – The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the PERA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the FNP and additions to/deductions from the FNP of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### (b) General Information about the Pension Plan

**Plan description** – Eligible employees of the Authority are provided with pensions through the LGDTF - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the C.R.S., administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the Internal Revenue Code (IRC). Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Benefits provided** – PERA provides retirement, disability and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713 and 1714.



The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee’s member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by IRC.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum of 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

**Contributions** – Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2022 through December 31, 2023, are summarized in the table below:

	<b>January 1, 2022 Through June 30, 2022</b>	<b>July 1, 2022 Through December 31, 2023</b>
Employee Contribution Rate <sup>1</sup>	8.50%	9.00%

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2022 Through June 30, 2022	July 1, 2022 Through December 31, 2022	January 1, 2023 Through December 31, 2023
Employer Contribution Rate <sup>1</sup>	10.50%	11.00%	11.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	-1.02%	-1.02%	-1.02%
Amount Apportioned to the LGDTF <sup>1</sup>	9.48%	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415 <sup>1</sup>	0.03%	0.03%	0.06%
<b>Total Employer Contribution Rate to the LGDTF <sup>1</sup></b>	<b>13.21%</b>	<b>13.71%</b>	<b>13.74%</b>

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$2.6 million and \$2.3 million for the years ended December 31, 2023 and 2022, respectively.

**(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2023, the Authority reported a liability of \$24.0 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TPL to December 31, 2022. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2022, the Authority's proportion was 2.39%, which was an increase of 0.05% from its proportion measured as of December 31, 2021.

At December 31, 2022, the Authority reported an asset of \$2.0 million for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the TPL used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the TPL to December 31, 2021. The Authority's proportion of the net pension asset was based on the Authority's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021, the Authority's proportion was 2.34%, which was a decrease of 0.13% from its proportion measured as of December 31, 2020.

For the years ended December 31, 2023 and 2022, the Authority recognized pension expense of \$2.1 million and \$(9.9) million, respectively.



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(tabular dollar amounts are in thousands)*

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Difference between expected and actual experience	\$ -	\$ 119
Net difference between projected and actual earnings on pension plan investments	9,751	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	23	100
Contributions subsequent to the measurement date	2,740	-
<b>Total</b>	<b>\$ 12,514</b>	<b>\$ 219</b>

The \$2.7 million reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Difference between expected and actual experience	\$ 59	\$ 19
Change of assumptions or other inputs	406	-
Net difference between projected and actual earnings on pension plan investments	-	14,239
Changes in proportion and differences between contributions recognized and proportionate share of contributions	80	392
Contributions subsequent to the measurement date	2,501	-
<b>Total</b>	<b>\$ 3,046</b>	<b>\$ 14,650</b>

The \$2.5 million reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2023.



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

Years Ending December 31,	Pension Expense
2023	\$ (1,218)
2024	1,411
2025	3,629
2026	5,733
2027	-
Thereafter	-

**Actuarial assumptions** – The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20% - 11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount Rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

<sup>1</sup> Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL for the LGDTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313, of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:





**Notes to Basic Financial Statements**  
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- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric</b>
		<b>Real rate of Return</b>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

**Discount rate** – The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, LGDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

**Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate** – The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
Proportionate share of the net pension liability \$	40,231 \$	23,965 \$	10,347

**Pension plan fiduciary net position** – Detailed information about the LGDTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).



#### (d) Defined Contribution Pension Plans

##### PERAPlus 401(k) Plan

**Plan Description** - Employees of the Authority that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an IRC Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy** - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service (IRS), as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Authority has agreed to match employee contributions up to 5.0% of covered salary as determined by the IRS. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For years ended December 31, 2023 and 2022, program members contributed \$1.5 million and \$1.4 million, respectively. For years ended December 31, 2023 and 2022, the Authority recognized expense of \$868 thousand and \$811 thousand, respectively, related to the PERAPlus 401(k) plan.

##### PERAPlus 457 Plan

**Plan Description** - Employees of the Authority may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an IRC Section 457 defined contribution plan administered by PERA. Title 24, Article 51, Part 16 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy** - The PERAPlus 457 plan is funded by voluntary member contributions up to the maximum limits set by the IRS, as established under Title 24, Article 51, Section 1603 of the C.R.S., as amended. The Authority does not match employee contributions. Employees are immediately vested in their own contributions and investment earnings. For the years ended December 31, 2023 and 2022, program members contributed \$149 thousand and \$159 thousand, respectively.

#### (e) Other Post-Employment Benefits

##### Defined Benefit Other Post Employment Benefit (OPEB) Plan

##### Summary of Significant Accounting Policies

**OPEB** - The Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the FNP and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

##### General Information about the OPEB Plan

**Plan description** - Eligible employees of the Authority are provided with OPEB through the HCTF – a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the C.R.S., as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration



of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available ACFR that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Benefits provided** - The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

**OPEB Benefit Structure** - The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

**Contributions** - Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Authority were \$199 thousand and \$179 thousand for the years ended December 31, 2023 and 2022.



### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2023 the Authority reported a liability of \$1.6 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Authority's proportion was 0.19%, which was an increase of 0.01% from its proportion measured as of December 31, 2021.

At December 31, 2022 the Authority reported a liability of \$1.6 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Authority's proportion was 0.18%, which was a decrease of 0.01% from its proportion measured as of December 31, 2020.

For the years ended December 31, 2023 and 2022, the Authority recognized OPEB expense of \$(110) thousand and \$(199) thousand, respectively.

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 369
Change of assumptions or other inputs	24	172
Net difference between projected and actual earnings on OPEB plan investments	99	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	101	91
Contributions subsequent to the measurement date	203	-
Total	\$ 427	\$ 632

The \$203 thousand reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024.



*Notes to Basic Financial Statements*  
*(tabular dollar amounts are in thousands)*

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Difference between expected and actual experience	\$ 2	\$ 316
Change of assumptions or other inputs	27	72
Net difference between projected and actual earnings on OPEB plan investments	-	78
Changes in proportion and differences between contributions recognized and proportionate share of contributions	63	138
Contributions subsequent to the measurement date	190	-
<b>Total</b>	<b>\$ 282</b>	<b>\$ 604</b>

The \$190 thousand reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023.

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

<b>Years Ending December 31,</b>	<b>OPEB Expense</b>
2024	\$ (176)
2025	(137)
2026	(57)
2027	(5)
2028	(27)
Thereafter	(6)



**Notes to Basic Financial Statements**  
*(tabular dollar amounts are in thousands)*

**Actuarial assumptions** - The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

**Actuarial assumptions**

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20% - 11.30%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount Rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.



**Age-Related Morbidity Assumptions**

Participant Age	Annual Increase	Annual Increase
	(Male)	(Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.





**Notes to Basic Financial Statements**  
*(tabular dollar amounts are in thousands)*

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

<b>Year</b>	<b>PERACare Medicare Plans</b>	<b>Medicare Part A Premiums</b>
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the TPL for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:



*Notes to Basic Financial Statements  
(tabular dollar amounts are in thousands)*

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.
- Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.



**Notes to Basic Financial Statements**  
(tabular dollar amounts are in thousands)

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

**Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates** - The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 1,523	\$ 1,567	\$ 1,616

**Discount rate** - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.



- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

**Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate** - The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 1,817	\$ 1,567	\$ 1,354

**OPEB plan fiduciary net position** - Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**(13) Risk Management**

The Authority's Legal and Enterprise Risk Management function consists of Legal Operations, Internal Audit, Compliance, Information Security and Privacy. The Authority embraces the Three Lines of Defense Model to enterprise risk management, in which senior management and the Board look to (a) operating management, (b) the risk and compliance functions and (c) internal audit testing to appropriately manage risk. The Enterprise Risk Management function includes the Board and an Enterprise Risk Management Committee, which is a staff level committee with Executive Team involvement that periodically reports to the Audit Committee of the Board. Risk management techniques utilized include annual risk assessments with periodic updates, periodic review of governance around risk and opportunity, information technology and strategic projects, establishment of appropriate policies and procedures, business continuity planning and testing and insurance coverage as appropriate. The Authority presently maintains commercial general and premises liability, business automobile liability, property, mortgage protection, worker's compensation, crime, cyber and public entity and official's liability coverages. Settled claims did not exceed insurance coverage during the reporting period.

**(14) Related-Party Transactions**

As of the years ended December 31, 2023 and 2022, the Authority had allocated Federal Low Income Housing Tax Credits in the amount of \$930 thousand to a housing project in which Total Concept is the general partner. Federal tax credits are provided annually for each of ten years. In addition, the Authority had outstanding loans with Total Concept. As of December 31, 2023 and 2022, the unpaid principal balance on the loans totaled \$1.3 million and \$0 million, respectively. The Executive



Director of Total Concept was a member of the Authority's Board at the time that the tax credits were allocated and the loans were made.

### **(15) Commitments and Contingencies**

The Authority had outstanding commitments to make or acquire single family and multifamily/business loans of \$182.8 million and \$83.2 million, respectively, as of December 31, 2023. The Authority had outstanding commitments to make or acquire single family and multifamily/business loans of \$185.6 million and \$94.7 million, respectively, as of December 31, 2022.

There are a limited number of claims or suits pending against the Authority arising in the Authority's ordinary course of business. In the opinion of the Authority's management and counsel, any losses that might result from these claims and suits are either covered by insurance or, to the extent not covered by insurance, would not have a material adverse effect on the Authority's financial position.

The Authority participates in the Ginnie Mae MBS Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and backed by pools of mortgage loans. If a borrower fails to make a timely payment on a mortgage loan, the Authority must advance its own funds to ensure that the security holders receive timely payment. All loans pooled under the Ginnie Mae MBS Program are either insured by the FHA or are guaranteed by the VA or RD. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and advances funds to repurchase the loans as necessary. Advances are recovered as claims are processed or loans are modified. The Authority repurchased \$83.2 million and \$282.9 million of these loans in 2023 and 2022, respectively. Claims, recoveries and proceeds from re-pooled, modified loans substantially reimburse the Authority over time.

The Authority also participates in the Whole Loan Sales and MBS programs with Fannie Mae. Through the consideration of Whole Loan Sales to Fannie Mae, the Authority receives cash for mortgages. Through the MBS program, the Authority swaps loans for securities issued by Fannie Mae. Whole Loan Sales are serviced by the Authority in an Actual/Actual remittance method and the MBS loans are serviced by the Authority in a Schedule/Schedule remittance method. Under the Schedule/Schedule method, if a borrower fails to make a timely payment on a MBS mortgage loan, the Authority must advance its own funds to ensure that the security holders receive timely payment. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and repurchases the loans as necessary. The Authority repurchased \$866 thousand and \$170 thousand of these loans in 2023 and 2022, respectively.

The Authority also participates in the Whole Loan Sales program with Freddie Mac. Through the consideration of Whole Loan Sales to Freddie Mac, the Authority receives cash for mortgages. Whole Loan Sales are serviced by the Authority in a Schedule/Actual remittance method. Under the Schedule/Actual method, if a borrower fails to make a timely payment on a mortgage loan, the Authority must advance its own funds to ensure that the interest is current. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and repurchases the loans as necessary. The Authority repurchased \$1.1 million and \$184 thousand of these loans in 2023 and 2022, respectively.

### **(16) Subsequent Events**

There have not been any reportable events identified subsequent to the end date of the audit period through the issuance of this report.



required supplemental  
information (unaudited)

# colorado housing and finance authority



**Colorado Housing and Finance Authority**  
**Schedule of the Authority's Share of Net Pension Liability**  
**Last 10 Fiscal Years\***  
*(in thousands of dollars)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	2.39%	2.34%	2.47%	2.42%	2.41%	2.61%	2.41%	2.29%	2.16%
Proportionate share of net pension liability	\$ 23,965	\$ (2,004)	\$ 12,886	\$ 17,693	\$ 30,278	\$ 29,015	\$ 32,535	\$ 25,185	\$ 19,360
Covered payroll	\$ 18,560	\$ 17,539	\$ 17,165	\$ 16,634	\$ 15,994	\$ 14,974	\$ 14,091	\$ 12,984	\$ 11,857
Proportionate share of the net pension liability as a percentage of its covered payroll	129.12%	-11.43%	75.07%	106.38%	189.31%	193.77%	230.89%	193.97%	163.28%
Plan fiduciary net position as a percentage of the total pension plan liability	82.99%	101.49%	90.88%	86.26%	75.96%	79.37%	73.65%	76.87%	80.72%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.  
 The accompanying notes are an integral part of the Required Supplementary Information.

**Colorado Housing and Finance Authority**  
**Schedule of Authority Contributions**  
**Local Government Division Trust Fund**  
**Last 10 Fiscal Years\***  
*(in thousands of dollars)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,502	\$ 2,315	\$ 2,215	\$ 2,109	\$ 2,028	\$ 1,899	\$ 1,787	\$ 1,646	\$ 1,504
Contributions in relation to the contractually required contribution	2,502	2,315	2,215	2,109	2,028	1,899	1,787	1,646	1,504
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 18,560	\$ 17,539	\$ 17,165	\$ 16,634	\$ 15,994	\$ 14,974	\$ 14,091	\$ 12,984	\$ 11,857
Contributions as a percentage of covered payroll	13.48%	13.20%	12.90%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.  
 The accompanying notes are an integral part of the Required Supplementary Information.



## 1) Significant changes in Plan Provisions Affecting Trends in Actuarial Information

### 2022 changes

- House Bill (HB) 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars) with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to a negative investment return in 2022.
- The total pension liability for the Local Government Division, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313, of Trij-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of December 31, 2022, measurement date.

### 2021 changes

- The following changes reflect the anticipated adjustments resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - AI cap is lowered from 1.25% per year to 1.00% per year.

### 2020 changes

- HB 20-1379, enacted on June 29, 2020, suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

### 2019 changes

- Senate Bill (SB) 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - AI cap is lowered from 1.50% per year to 1.25% per year.
- HB 19-1217, enacted May 20, 2019, repealed the member contribution increases scheduled for the Local Government Division pursuant to SB 18-200.

### 2018 changes

- The following changes were made to the plan provisions as part of SB 18-200:
  - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
  - AI cap is lowered from 2.00% per year to 1.50% per year.
  - Initial AI waiting period is extended from one year after retirement to three years after retirement.





- AI payments are suspended for 2018 and 2019.
- The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years for the State, School, Local Government and DPS Divisions and increases from one to three years for the Judicial Division.

**2017 changes**

- There were no changes made to plan provisions.

**2016 changes**

- There were no changes made to plan provisions.

**2015 changes**

- There were no changes made to plan provisions.

**2014 changes**

- There were no changes made to plan provisions.

**2) Significant changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information**

**2022 changes**

- There were no changes made to the actuarial methods or assumptions.

**2021 changes**

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

**2020 changes**

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination / withdrawal, retirement and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State and Local Government Divisions (Members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State and Local Government Divisions (Members other than State Troopers) was changed to the PubG-2010 Healthy Retiree Table, adjust as follows:
  - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.



*Notes to the Required Supplementary Information (unaudited)  
(tabular dollar amounts are in thousands)*

- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

**2019 changes**

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

**2018 changes**

- There were no changes made to the actuarial methods or assumptions.

**2017 changes**

- There were no changes made to the actuarial methods or assumptions.

**2016 changes**

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives for the State and Local Government Divisions was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73% factor applied to ages below 80 and a 108% factor applied to age 80 and above, projected to 2018, for males, and a 78% factor applied to ages below 80 and a 109% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- The single equivalent interest rate (SEIR) for the Local Government Division was lowered from 7.50% to 7.25%, reflecting the change in the long-term expected rate of return.

**2015 changes**

- The following programming changes were made:
  - Valuation of the full survivor benefit without reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18-month AI timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.



*Notes to the Required Supplementary Information (unaudited)*  
*(tabular dollar amounts are in thousands)*

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- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability (UAAL) payment calculation to reflect contributions throughout the year.

**2014 changes**

- There were no changes made to the actuarial methods or assumptions.

# colorado housing and finance authority



**Colorado Housing and Finance Authority**  
**Schedule of the Authority's Share of Net OPEB Liability**  
**Last 10 Fiscal Years\***  
*(in thousands of dollars)*

	2023	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.19%	0.18%	0.19%	0.18%	0.19%	0.20%	0.18%
Proportionate share of net OPEB liability	\$ 1,567	\$ 1,560	\$ 1,789	\$ 2,083	\$ 2,541	\$ 2,632	\$ 2,398
Covered payroll	\$ 18,560	\$ 17,539	\$ 17,165	\$ 16,634	\$ 15,994	\$ 14,974	\$ 14,091
Proportionate share of the net OPEB liability as a percentage of its covered payroll	8.44%	8.90%	10.42%	12.52%	15.89%	17.57%	17.02%
Plan fiduciary net position as a percentage of the total OPEB plan liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.  
*The accompanying notes are an integral part of the Required Supplementary Information.*

**Colorado Housing and Finance Authority**  
**Schedule of Authority Contributions**  
**Health Care Trust Fund**  
**Last 10 Fiscal Years\***  
*(in thousands of dollars)*

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 189	\$ 179	\$ 175	\$ 170	\$ 161	\$ 153	\$ 144
Contributions in relation to the contractually required contribution	189	179	175	170	161	153	144
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 18,560	\$ 17,539	\$ 17,165	\$ 16,634	\$ 15,994	\$ 14,974	\$ 14,091
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.  
*The accompanying notes are an integral part of the Required Supplementary Information.*



## **1) Significant changes in Plan Provisions Affecting Trends in Actuarial Information**

### **2022 changes**

- The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of December 31, 2022, measurement date.

### **2021 changes**

- There were no changes made to plan provisions.

### **2020 changes**

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination / withdrawal, retirement and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State and Local Government Divisions (Members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State and Local Government Divisions (Members other than State Troopers) was changed to the PubG-2010 Healthy Retiree Table, adjust as follows:
  - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

### **2019 changes**

- There were no changes made to plan provisions.

### **2018 changes**

- There were no changes made to plan provisions.

### **2017 changes**

- There were no changes made to plan provisions.

### **2016 changes**

- There were no changes made to plan provisions.



## 2) Significant changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

### 2022 changes

- The timing of the retirement decrement was adjusted to middle-of-year.

### 2021 changes

- There were no changes made to the actuarial methods or assumptions.

### 2020 changes

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination, withdrawal, retirement and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State and Local Government Divisions (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State and Local Government Divisions (members other than State Troopers) was changed to the PubG-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables developed on a head-count weighted basis.

### 2019 changes

- There were no changes made to the actuarial methods or assumptions.

### 2018 changes

- There were no changes made to the actuarial methods or assumptions.

### 2017 changes

- There were no changes made to the actuarial methods or assumptions.

### 2016 changes

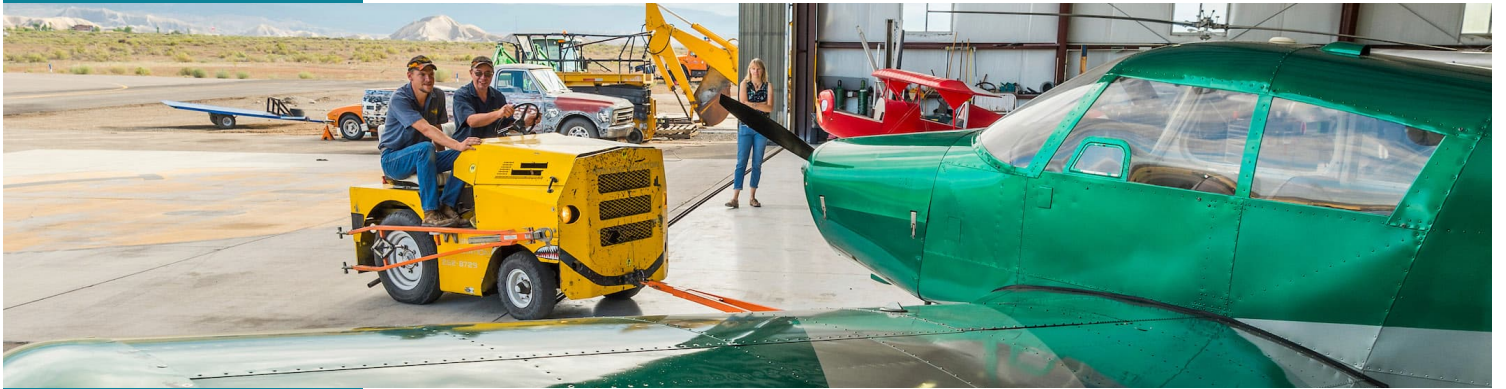
- The following methodology change was made:
  - The Entry Age Normal actuarial cost method allocation basis has been changed from a level dollar amount to a level percentage of pay.
- The following changes were made to the actuarial assumptions:
  - The investment rate of return assumption decreased from 7.50% to 7.25%.
  - The price inflation assumption decreased from 2.80% to 2.40%.



*Notes to the Required Supplementary Information (unaudited)  
(tabular dollar amounts are in thousands)*

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- The wage inflation assumption decreased from 3.90% to 3.50%.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The post-retirement mortality assumption for healthy lives for the State and Local Government Divisions was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73% factor applied to ages below 80 and a 108% factor applied to age 80 and above, projected to 2018, for males, and a 78% factor applied to ages below 80 and a 109% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The assumed rates of withdrawal, retirement and disability have been adjusted to more closely reflect experience.
- The assumed rates of PERACare participation have been revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits have been updated to reflect the change in costs for the 2017 plan year.
- The percentage of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage have been revised to reflect more closely actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage has been revised to reflect more closely actual experience.
- The health care cost trend rates for Medicare Part A premiums have been revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire have been revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, have been revised to more closely reflect actual experience.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees was revised to reflect more closely actual experience.
- The assumed age differences between future retirees and their participating spouses have been revised to reflect more closely actual experience.



supplemental information



# colorado housing and finance authority



## Colorado Housing and Finance Authority Combining Schedule - Statement of Net Position

As of December 31, 2023

(with summarized financial information for December 31, 2022)

(in thousands of dollars)

	General Programs	Single Family	Multifamily/ Business	Eliminations	2023	Summarized 2022
<b>Assets</b>						
Current assets:						
Cash (Note 2)						
Restricted	\$ 155,828	\$ -	\$ -	\$ -	\$ 155,828	\$ 160,605
Unrestricted	13,917	-	-	-	13,917	13,013
Investments (Note 2)	22,042	404,005	129,527	-	555,574	491,905
Loans receivable (Note 3)	20,770	9,339	20,393	(1,314)	49,188	44,356
Loans receivable held for sale (Note 3)	120,987	-	-	-	120,987	95,836
Accrued interest receivable	9,304	13,434	5,082	(234)	27,586	17,675
Other assets	28,576	277	21	-	28,874	20,810
Due (to) from other programs	(7,155)	2,436	4,719	-	-	-
<b>Total current assets</b>	<b>364,269</b>	<b>429,491</b>	<b>159,742</b>	<b>(1,548)</b>	<b>951,954</b>	<b>844,200</b>
Noncurrent assets:						
Investments (Note 2)	16,211	25,229	35,292	-	76,732	76,383
Program investments (MBS)	-	2,624,092	-	-	2,624,092	1,442,159
Loans receivable, net (Note 3)	602,322	270,838	591,386	(38,120)	1,426,426	1,286,317
Derivative instruments	(747)	49,990	4,250	-	53,493	69,029
Capital assets - nondepreciable (Note 4)	1,948	-	-	-	1,948	2,149
Capital assets - depreciable, net (Note 4)	9,455	-	-	-	9,455	9,782
Other real estate owned, net	709	-	-	-	709	974
Other assets	132,371	-	-	-	132,371	104,651
<b>Total noncurrent assets</b>	<b>762,269</b>	<b>2,970,149</b>	<b>630,928</b>	<b>(38,120)</b>	<b>4,325,226</b>	<b>2,991,444</b>
<b>Total assets</b>	<b>1,126,538</b>	<b>3,399,640</b>	<b>790,670</b>	<b>(39,668)</b>	<b>5,277,180</b>	<b>3,835,644</b>
<b>Deferred outflows of resources</b>						
Accumulated fair value of hedging derivatives	-	9,659	22,036	-	31,695	24,513
Pension and OPEB contributions and investment earnings	12,941	-	-	-	12,941	3,328
Refundings of debt	-	329	549	-	878	896
<b>Total deferred outflows of resources</b>	<b>12,941</b>	<b>9,988</b>	<b>22,585</b>	<b>-</b>	<b>45,514</b>	<b>28,737</b>
<b>Liabilities</b>						
Current liabilities:						
Short-term debt (Note 5)	206,502	-	-	-	206,502	162,998
Bonds payable (Note 6)	-	86,010	61,390	-	147,400	185,364
Notes payable (Note 6)	59	-	-	-	59	58
Hybrid instrument borrowings (Note 8)	-	304	319	-	623	774
Accrued interest payable	281	20,330	4,882	(234)	25,259	12,885
Federally assisted program advances	274	-	-	-	274	630
Accounts payable and other liabilities	130,351	999	461	-	131,811	132,356
<b>Total current liabilities</b>	<b>337,467</b>	<b>107,643</b>	<b>67,052</b>	<b>(234)</b>	<b>511,928</b>	<b>495,065</b>
Noncurrent liabilities:						
Bonds payable (Note 6)	-	3,231,501	630,219	-	3,861,720	2,507,181
Hybrid instrument borrowings (Note 8)	-	979	1,303	-	2,282	2,906
Net pension and OPEB liability - proportionate share	25,532	-	-	-	25,532	(463)
Notes payable (Note 6)	39,870	-	-	(39,434)	436	495
Other liabilities (Note 6)	58,513	-	-	-	58,513	54,238
<b>Total noncurrent liabilities</b>	<b>123,915</b>	<b>3,232,480</b>	<b>631,522</b>	<b>(39,434)</b>	<b>3,948,483</b>	<b>2,564,357</b>
<b>Total liabilities</b>	<b>461,382</b>	<b>3,340,123</b>	<b>698,574</b>	<b>(39,668)</b>	<b>4,460,411</b>	<b>3,059,422</b>
<b>Deferred inflows of resources</b>						
Accumulated fair value of hedging derivatives	-	53,607	26,235	-	79,842	88,555
Pension and OPEB investment differences	851	-	-	-	851	15,254
<b>Total deferred inflows of resources</b>	<b>851</b>	<b>53,607</b>	<b>26,235</b>	<b>-</b>	<b>80,693</b>	<b>103,809</b>
<b>Net position</b>						
Investment in capital assets, net of related debt	11,403	-	-	(9,434)	1,969	2,138
Restricted by grants	7,344	-	-	-	7,344	6,283
Restricted primarily by bond indentures	22,611	15,898	88,446	(30,000)	96,955	39,415
Unrestricted (Note 11)	635,888	-	-	39,434	675,322	653,314
<b>Total net position</b>	<b>\$ 677,246</b>	<b>\$ 15,898</b>	<b>\$ 88,446</b>	<b>\$ -</b>	<b>\$ 781,590</b>	<b>\$ 701,150</b>

# colorado housing and finance authority



## Colorado Housing and Finance Authority

### Combining Schedule - Statement of Revenues, Expenses and Changes in Net Position

For the year ended December 31, 2023

(with summarized financial information for the year ended December 31, 2022)

(in thousands of dollars)

	General Program	Single Family	Multifamily/ Business	Eliminations	2023	Summarized 2022
<b>Interest income and expense:</b>						
Interest on loans receivable	\$ 22,696	\$ 6,271	\$ 25,761	\$ (983)	\$ 53,745	\$ 48,168
Interest on investments	3,105	104,850	7,826	-	115,781	51,507
Interest on debt	(16,402)	(90,074)	(21,177)	983	(126,670)	(71,587)
Net interest income	9,399	21,047	12,410	-	42,856	28,088
<b>Other operating income (loss):</b>						
Loan servicing income	52,618	-	-	-	52,618	48,225
Gain on sale of loans	19,276	-	-	-	19,276	51,997
Investment derivative activity gain (loss)	(542)	790	110	-	358	4,741
Net increase (decrease) in the fair value of investments	3,040	47,641	418	-	51,099	(204,822)
Other revenues	18,968	6	-	-	18,974	17,355
Total other operating income	93,360	48,437	528	-	142,325	(82,504)
Total operating income	102,759	69,484	12,938	-	185,181	(54,416)
<b>Operating expenses:</b>						
Salaries and related benefits	33,120	-	-	-	33,120	19,555
General operating	54,173	13,212	444	-	67,829	43,528
Depreciation	1,071	-	-	-	1,071	1,075
Provision for losses	4,168	1,949	3,948	-	10,065	2,245
Total operating expenses	92,532	15,161	4,392	-	112,085	66,403
<b>Net operating income (expense)</b>	10,227	54,323	8,546	-	73,096	(120,819)
<b>Nonoperating income and expenses:</b>						
Grant revenues	188,388	-	-	-	188,388	194,227
Grant expenses	(181,044)	-	-	-	(181,044)	(187,944)
Total nonoperating income and expenses, net	7,344	-	-	-	7,344	6,283
<b>Income (loss) before transfers</b>	17,571	54,323	8,546	-	80,440	(114,536)
<b>Transfers from (to) other programs</b>	5,018	(18)	(5,000)	-	-	-
<b>Change in net position</b>	22,589	54,305	3,546	-	80,440	(114,536)
<b>Net position:</b>						
Beginning of year	654,657	(38,407)	84,900	-	701,150	815,686
End of year	\$ 677,246	\$ 15,898	\$ 88,446	\$ -	\$ 781,590	\$ 701,150

# colorado housing and finance authority



## Colorado Housing and Finance Authority Combining Schedule - Statement of Cash Flows

For the year ended December 31, 2023

(with summarized financial information for the year ended December 31, 2022)

(in thousands of dollars)

	General Program	Single Family	Multifamily/ Business	Eliminations	2023	Summarized 2022
<b>Cash flows from operating activities:</b>						
Principal payments received on loans receivable & receipts from dispositions of other real estate owned	\$ 659,002	\$ 19,008	\$ 50,938	\$ -	\$ 728,948	\$ 703,782
Interest payments received on loans receivable	23,577	6,140	25,239	(984)	53,972	45,623
Payments for loans receivable	(2,237,046)	(126,366)	(73,404)	(358)	(2,437,174)	(2,788,402)
Receipts from sales of Ginnie Mae securities	1,547,610	-	-	-	1,547,610	2,135,838
Changes in servicing escrows	11,753	-	-	-	11,753	(94,768)
Receipts from other revenues	71,379	5	-	-	71,384	64,260
Payments for salaries and related benefits	(6,958)	-	-	-	(6,958)	(34,596)
Payments for goods and services	(76,847)	(12,807)	(602)	-	(90,256)	(78,844)
All other, net	(31,361)	-	-	-	(31,361)	7,675
Net cash provided by (used in) operating activities	(38,891)	(114,020)	2,171	(1,342)	(152,082)	(39,432)
<b>Cash flows from noncapital financing activities:</b>						
Net increase (decrease) in short-term debt	43,504	-	-	-	43,504	(43,924)
Proceeds from issuance of bonds	-	1,433,505	97,215	-	1,530,720	649,970
Receipts from federal grant programs	173,435	-	-	-	173,435	202,380
Payments for federal grant programs	(181,044)	-	-	-	(181,044)	(187,944)
Principal paid on bonds	-	(180,547)	(51,018)	-	(231,565)	(374,067)
Principal paid on notes payable	(58)	-	-	-	(58)	(57)
Interest paid on short-term debt	(13,943)	-	-	-	(13,943)	(3,572)
Interest rate swap settlements	-	14,249	4,215	-	18,464	(8,424)
Interest paid on bonds	22	(75,331)	(24,973)	-	(100,282)	(50,991)
Interest paid on notes payable	(1,476)	-	-	-	(1,476)	(1,256)
Transfers to (from) other programs	(1,601)	(654)	2,255	-	-	-
Net cash provided by noncapital financing activities	18,839	1,191,222	27,694	-	1,237,755	182,115
<b>Cash flows from capital and related financing activities:</b>						
Purchase of capital assets	(544)	-	-	-	(544)	(467)
Principal paid on capital-related debt	(359)	-	-	359	-	-
Interest paid on capital-related debt	(983)	-	-	983	-	-
Net cash provided by (used in) capital and related financing activities	(1,886)	-	-	1,342	(544)	(467)
<b>Cash flows from investing activities:</b>						
Proceeds from maturities and sales of investments	1,215,220	3,251,524	295,081	-	4,761,825	3,489,325
Purchase of investments	(1,200,812)	(4,425,833)	(330,537)	-	(5,957,182)	(3,822,584)
Income received from investments	3,657	97,107	5,591	-	106,355	47,754
Net cash provided by (used in) investing activities	18,065	(1,077,202)	(29,865)	-	(1,089,002)	(285,505)
<b>Net decrease in cash</b>	(3,873)	-	-	-	(3,873)	(143,289)
Cash at beginning of year	173,618	-	-	-	173,618	316,907
Cash at end of year	\$ 169,745	\$ -	\$ -	\$ -	\$ 169,745	\$ 173,618
Restricted	\$ 155,828	\$ -	\$ -	\$ -	\$ 155,828	\$ 160,605
Unrestricted	13,917	-	-	-	13,917	13,013
Cash, end of year	\$ 169,745	\$ -	\$ -	\$ -	\$ 169,745	\$ 173,618

Continued on the next page.

# colorado housing and finance authority



**Colorado Housing and Finance Authority**  
**Combining Schedule - Statement of Cash Flows** *(continued)*  
For the year ended December 31, 2023  
*(with summarized financial information for the year ended December 31, 2022)*  
*(in thousands of dollars)*

	General Program	Single Family	Multifamily/ Business	Eliminations	2023	Summarized 2022
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Net operating income (loss)	\$ 10,227	\$ 54,323	\$ 8,546	\$ -	\$ 73,096	\$ (120,819)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	1,071	-	-	-	1,071	1,075
Amortization and fair value adjustments of service release premiums	10,081	-	-	-	10,081	(3,132)
Proportionate share of net pension and OPEB expense	1,979	-	-	-	1,979	(10,104)
Amortization of imputed debt associated with swaps	-	(340)	(434)	-	(774)	(1,042)
Provision for losses	4,168	1,949	3,948	-	10,065	2,245
Interest on investments	(3,105)	(104,850)	(7,826)	-	(115,781)	(51,507)
Interest on debt	16,402	90,414	21,611	(983)	127,444	72,628
Unrealized (gain) loss on investment derivatives	542	(790)	(110)	-	(358)	(4,741)
Unrealized (gain) loss on investments	(3,040)	(47,641)	(418)	-	(51,099)	204,822
Gain on sale of real estate owned	(27)	-	-	-	(27)	(47)
Gain on sale of loans	(19,276)	-	-	-	(19,276)	(51,997)
Changes in assets and liabilities:						
Loans receivable and other real estate owned	(40,488)	(107,358)	(22,465)	(359)	(170,670)	54,397
Accrued interest receivable on loans and investments	881	(131)	(522)	-	228	(2,544)
Other assets	(45,533)	(70)	-	-	(45,603)	(36,148)
Accounts payable and other liabilities	27,227	474	(159)	-	27,542	(92,518)
Net cash provided by (used in) operating activities	\$ (38,891)	\$ (114,020)	\$ 2,171	\$ (1,342)	\$ (152,082)	\$ (39,432)

# colorado housing and finance authority



Colorado Housing and Finance Authority  
 Schedule of Adjusted Net Worth  
 At December 31, 2023  
 (in thousands of dollars)

A.	Adjusted net worth calculation:		
	Net position per statement of net position at end of reporting period		\$ 781,590
	Less:		
	Itemized unacceptable assets		
	1. Other assets	\$ 161,245	
	Total unacceptable assets		<u>161,245</u>
	Adjusted net worth		<u>\$ 620,345</u>
B.	Required net worth calculation:		
	Unpaid principal balance (UPB) of securities outstanding (Note: number of pools = 1,286)		\$ 8,070,179
	Plus:		
	Outstanding balance of available commitment authority and pools funded		<u>368,350</u>
	Total outstanding portfolio, commitment authority and pools funded		<u>\$ 8,438,529</u>
	Required net worth		<u>\$ 32,035</u>
C.	Excess net worth (Adjusted net worth - required net worth)		<u><u>\$ 588,310</u></u>

# colorado housing and finance authority



Colorado Housing and Finance Authority  
Schedule of Other Assets  
At December 31, 2023  
*(in thousands of dollars)*

A.	Accrued interest income	\$	27,586
B.	Deferred debt cost of issuance		-
C.	Other real estate owned		709
	Total other asset included in adjusted net worth	\$	<u>28,295</u>
D.	Other assets excluded from adjusted net worth		<u>161,245</u>
	Total current and noncurrent other assets	\$	<u><u>189,540</u></u>

# colorado housing and finance authority



Colorado Housing and Finance Authority  
Liquid Asset Requirement Calculation for Issuers  
At December 31, 2023  
*(in thousands of dollars)*

A.	Liquid asset calculation:		
	Required net worth (Schedule of Adjusted Net Worth, section B)	\$ 32,035	
	Acceptable liquid assets		
	1. Unrestricted cash	\$ 13,917	
	Total liquid assets	\$ 13,917	
B.	Required liquid asset:		
	Single family issuer liquidity requirement	\$ 8,070	Meets requirements?
	(Greater of \$1 million or 0.10% of outstanding single family securities)		<u>Yes</u> / No

# colorado housing and finance authority



Colorado Housing and Finance Authority  
 Capital Requirement Calculation for Issuer  
 At December 31, 2023  
 (in thousands of dollars)

A. Capital requirement for depository institutions: not applicable to CHFA

Tier 1 capital	\$ _____	
Total capital	\$ _____	
Risk-based assets	\$ _____	
Total assets	\$ _____	
Tier 1 capital/total assets		_____ %
Tier 1 capital/risk-based assets		_____ %
Total capital/risk-based assets		_____ %
		Meets requirement?
5% of tier 1 capital/total assets	\$ _____	Yes / No
6% of tier 1 capital/risk-based assets	\$ _____	Yes / No
10% of total capital/risk-based assets	\$ _____	Yes / No

B. Capital requirement for nondepository institutions:

Total adjusted net worth	\$ 620,345	
Total assets	\$ 5,277,180	
Total adjusted net worth/total assets	11.76 %	Meets requirement?
		<u>Yes</u> / No



# colorado housing and finance authority



Colorado Housing and Finance Authority  
 Schedule of Insurance Requirement  
 At December 31, 2023  
*(in thousands of dollars)*

A.	Identification of affiliated Ginnie Mae Issuers	
	Affiliated Ginnie Mae issuers:	None
B.	Required insurance calculation:	
	Servicing portfolio:	
	Ginnie Mae	\$ 8,070,179
	Fannie Mae	1,201,078
	Freddie Mac	636,505
	Conventional (other)	1,614,696
	Total servicing portfolio	\$ 11,522,458
	Required fidelity bond coverage	\$ 12,047
	Required mortgage servicing errors and omissions coverage	\$ 12,047
C.	Verification of insurance coverage:	
	Fidelity bond coverage at end of reporting period	\$ 15,000
	Mortgage servicing errors and omissions coverage at end of reporting period	\$ 15,000
D.	Excess insurance coverage:	
	Fidelity bond coverage	\$ 2,953
	Required mortgage servicing errors and omissions coverage	\$ 2,953
E.	Policies contain the required elements	
	Fidelity bond coverage	Yes No
	Mortgage servicing errors and omissions coverage	Yes No

The Authority certifies that it is in good standing with FHA, Fannie Mae and Freddie Mac, and has not been the subject of any adverse actions.



hud reporting

**Report on Compliance for the Major HUD Program  
and Report on Internal Control Over Compliance Required  
by the *Consolidated Audit Guide for Audits of HUD Programs***

**Independent Auditor’s Report**

Board of Directors  
Colorado Housing and Finance Authority

**Report on Compliance for the Major HUD Program**

**Opinion on the Major HUD Program**

We have audited Colorado Housing and Finance Authority’s (the Authority) compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the Audit Guide) that could have a direct and material effect on the Authority’s major U.S. Department of Housing and Urban Development (HUD) program for the year ended December 31, 2023.

The Authority’s major HUD program and the related direct and material compliance requirements are as follows:

<b>Name of Major HUD Program</b>	<b>Direct and Material Compliance Requirements</b>
Government National Mortgage Association issuers of mortgage-backed securities	<ul style="list-style-type: none"> <li>• Federal financial reports</li> <li>• Eligibility to issue mortgage-backed securities</li> <li>• Review of custodial documents</li> <li>• Issuer’s administration of pooled mortgages</li> <li>• Review of monthly accounting reports and quarterly submissions</li> <li>• Securities marketing and trading practices</li> <li>• Adjusted net worth</li> <li>• Issuer capital, liquid asset and insurance requirements</li> </ul>

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Authority’s major HUD program for the year ended December 31, 2023.

**Basis for Opinion on the Major HUD Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS); and the audit guide. Our responsibilities under those standards and the Audit Guide are further described in the “Auditor’s Responsibilities for the Audit of Compliance” section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for the major HUD program. Our audit does not provide a legal determination of the Authority's compliance.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts, or grant agreements applicable to its HUD programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, GAS, and the Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major HUD program as a whole.

In performing an audit in accordance with GAAS, GAS, and the audit guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Denver, Colorado  
March 28, 2024

## what is chfa?

CHFA's mission is to strengthen Colorado by investing in affordable housing and community development. CHFA invests in loans, down payment assistance, and homebuyer education to support responsible homeownership. We provide loans and tax credits to developers of affordable rental housing, so all Coloradans may have access to a place to call home; and we help business owners access capital to help them grow and support jobs. CHFA strengthens local capacity through nonprofit and community partnerships providing technical assistance, grants, sponsorships, and donations.

CHFA's programs and services are informed by statewide community engagement. CHFA is self-funded. We are not a state agency. CHFA's operating revenues come from loan and investment income, program administration fees, loan servicing, and gains on sales of loans. CHFA receives no direct tax appropriations, and its net revenues are reinvested in its programs and used to support bond ratings. This document was designed and printed in house without the use of state general fund dollars.

CHFA's work revitalizes neighborhoods and creates jobs. We are proud to invest in Colorado's success. Visit [www.chfainfo.com](http://www.chfainfo.com) for more information.

With respect to its programs, services, activities, and employment practices, Colorado Housing and Finance Authority prohibits unlawful discrimination against applicants or employees on the basis of age 40 years and over, race, sex, sexual orientation, gender identity, gender expression, color, religion, national origin, disability, military status, genetic information, marital status or any other status protected by applicable federal, state or local law. Requests for reasonable accommodation, the provision of auxiliary aids, or any complaints alleging violation of this nondiscrimination policy should be directed to the Nondiscrimination Coordinator, 1.800.877.2432, TDD/TTY 800.659.2656, CHFA, 1981 Blake Street, Denver, Colorado 80202-1272, available weekdays 8:00am to 5:00pm.

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*financing the places where  
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