Financial Statements and Supplementary Information

Connecticut Housing Finance Authority
Years Ended December 31, 2015 and 2014
With Report of Independent Auditors

Ernst & Young LLP

Building a better working world

Connecticut Housing Finance Authority

Financial Statements and Supplementary Information

Years Ended December 31, 2015 and 2014

Contents

Building a better working world

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Report of Independent Auditors

Management and the Board of Directors
Connecticut Housing Finance Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Connecticut Housing Finance Authority (the Authority), a component unit of the State of Connecticut, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Change in Method of Accounting for Pensions

As discussed in Note 2 to the financial statements, the Authority changed its method for accounting and financial reporting of pensions as a result of the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* both effective January 1, 2015. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 6-12, the Schedule of the Authority's Proportionate Share of the Net Pension Liability on page 45, and the Schedule of the Authority's Contributions to the State Employees' Retirement System (SERS) on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Supplementary Information as listed on the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated April 7, 2016 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 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 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 Authority's internal control over financial reporting and compliance.

Ernst & Young LLP

April 7, 2016

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters and on Compliance Under C.G.S. Section 1-122 Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Management and the Board of Directors
Connecticut Housing Finance Authority

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Connecticut Housing Finance Authority (the Authority), which comprise the statements of financial position as of December 31, 2015, and the related statements of revenue, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 7, 2016. In connection with our audit, we have read the provisions of Connecticut Public Act No. 88-266 Section 41 (the Act) of the Connecticut General Assembly relating to quasi-public agencies (adopted January 1, 1989). The Act requires the Authority to comply with regulations concerning affirmative action, personnel practice, the purchase of goods and services, the use of surplus funds, and the distribution of loans, grants and other financial assistance.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ernst + Young LLP

April 7, 2016

This section of the Connecticut Housing Finance Authority's (the "Authority") financial statements, Management's Discussion and Analysis, presents an overview of the Authority's financial performance for the years ended December 31, 2015 and 2014. It provides an assessment of the Authority's financial position and identifies the factors that in management's view, significantly affected the Authority's overall financial position. It may contain assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described below.

Overview of the Financial Statements

This annual financial report consists of three parts: *Management's Discussion and Analysis*, the *Basic Financial Statements* and *Supplementary Information*. The Authority is a self-supporting quasi-public agency established for the purpose of alleviating the shortage of affordable housing for low and moderate income households in the State of Connecticut and, when appropriate, to promote or maintain the economic development of Connecticut through employer-assisted housing efforts. The financial statements are presented using the accrual basis of accounting. The Authority operates in a manner similar to a private business that includes activities such as the financing of home mortgage loans and multifamily and special needs housing real estate development.

The Statement of Net Position provides information about the nature and amount of investments in resources (assets) and the obligations to Authority creditors (liabilities).

The Statement of Revenues, Expenses and Changes in Net Position accounts for all of the current year's revenues and expenses, measures the success of the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities.

The Notes to Financial Statements provide:

- Information that is essential to understanding the basic financial statements, such as the Authority's accounting methods and policies.
- Details of contractual obligations, future commitments and contingencies of the Authority.
- Other events or developing situations that could materially affect the Authority's financial position.

The Supplementary Information includes individual program schedules that present the Authority's financial statements in more detail.

Financial Highlights – Year Ended December 31, 2015

The Authority made 2,823 single family mortgages totaling $474.9 million in 2015, compared to 2,333 single family mortgages totaling $384.3 million in 2014. In 2015, through new construction and/or rehabilitation, the Authority financed 1,730 affordable multifamily units for a total investment commitment of $160.4 million and 3,059 affordable multifamily units for a total investment commitment of $80.8 million in 2014.

The Authority was able to restructure and refund over $76 million of its outstanding bonds to reduce interest rates. By combining these issues with new debt, the Authority was able to establish below market interest rates on new mortgages for its borrowers, and strengthen the underlying structure of its cash flows.

As a result of an increasing interest rate environment, the Authority recorded a $17.7 million decrease in the fair value of investments, substantially all of which is attributable to the market value decrease in its GNMA and FNMA Program Assets (see Note 3 of the financial statements).

During 2015, the Authority issued five series of Housing Mortgage Finance Program Bonds totaling $481.1 million to provide financing for its home mortgage and multifamily mortgage housing programs. The Authority also issued one series of Qualified Energy Conservation Bonds totaling $5.3 million, the proceeds of which were to be used to finance multifamily energy conservation improvements. Under various programs, the Authority has also made funds available from net position.

Financial Highlights – Year Ended December 31, 2014

The Authority made 2,333 single family mortgages totaling $384.3 million in 2014, compared to 1,733 single family mortgages totaling $277.6 million in 2013. In 2014, through new construction and/or rehabilitation, the Authority financed 3,059 affordable multifamily units for a total investment of $80.8 million and 2,662 affordable multifamily units for a total investment of $167.4 million in 2013.

The Authority was able to restructure and refund over $151 million of its outstanding bonds to reduce interest rates. By combining these issues with new debt, the Authority was able to establish below market interest rates on new mortgages for its borrowers, and strengthen the underlying structure of its cash flows.

As a result of a decreasing interest rate environment, the Authority recorded an $11.5 million increase in the fair value of investments, substantially all of which is attributable to the market value increase in its GNMA and FNMA Program Assets (see Note 3 of the financial statements).

During 2014, the Authority issued six series of Housing Mortgage Finance Program Bonds totaling $580.4 million to provide financing for its home mortgage and multifamily mortgage housing programs. Under various programs, the Authority has also made funds available from net position.

Financial Analysis of the Authority

The following table summarizes the changes in Net Position between December 31, 2015, 2014 and 2013:

	(in millions)			% Change	
	2015	**2014***	**2013**	**2015/2014**	**2014/2013**
Assets					
Current assets	$ 630.2	$ 699.4	$ 700.7	(9.9) %	(0.2) %
Capital assets	3.6	3.3	3.1	9.1	6.5
Noncurrent assets	4,348.5	4,140.9	3,956.2	5.0	4.7
Total assets	4,982.3	4,843.6	4,660.0	2.9	3.9
Deferred outflows of resources					
Unamortized deferred bond refunding costs	64.5	69.9	66.5	(7.7)	5.1
Accumulated decrease in fair value of hedging derivatives	74.7	85.6	59.2	(12.7)	44.6
Deferred amount for pensions	9.8	2.8	-	250.0	100.0
Total deferred outflows of resources	149.0	158.3	125.7	(5.9)	25.9
Liabilities					
Long-term debt	3,534.3	3,339.6	3,197.0	5.8	4.5
Net pension liability	65.7	55.4	-	18.6	100.0
Other liabilities	642.2	695.4	674.4	(7.7)	3.1
Total liabilities	4,242.2	4,090.4	3,871.4	3.7	5.7
Deferred inflows of resources					
Deferred amount for pensions	-	2.0	-	(100.0)	100.0
Total deferred inflows of resources	-	2.0	-	(100.0)	100.0
Net position					
Net investment in capital assets	3.6	3.3	3.1	9.1	6.5
Restricted	885.5	907.9	942.9	(2.5)	(3.7)
Unrestricted deficit	-	(1.7)	(31.7)	(100.0)	(94.6)
Total net position	$ 889.1	$ 909.5	$ 914.3	(2.2) %	0.5 %

** Restated for GASB No. 68 & GASB No. 71 implementation*

Change 2015/2014

- Mortgage loans receivable decreased $14.4 million or 0.41%.
  - During 2015, the Authority's multifamily loan portfolios experienced overall net growth while its home mortgage loan portfolio experienced a net reduction. While the home mortgage loan program grew by 21% year-over-year, over 50% of new qualified mortgage loans were securitized into mortgage-backed securities. This was mainly due to borrowers' preference for conventional loans over government insured loans.
- Cash and investments in securities increased $151.7 million or 12.58%, primarily resulting from:
  - While the home mortgage program grew by 21% year-over-year, in 2015 over 50% of new qualified mortgage loans were securitized into mortgage backed securities. This was mainly due to borrowers increased preference for conventional loans over government insured loans. $257 million in bond proceeds were used to directly purchase investments as opposed to purchasing whole loans which would increase accounts receivable instead of investments.
  - A net decrease of $69.4 million in bond proceeds and other funds held to be used for the financing of mortgage loans, the retirement of bond debt and the payment of administrative costs.
  - A $14.2 million decrease in escrow deposits held by the Authority. This was due to a $10 million reduction in available EMAP funds (see Note 4 of the financial statements for further explanation of the EMAP program). The Authority also spent down $7.7 million in Down Payment Assistance funds and $0.6 million in various miscellaneous escrow accounts. Lastly there was a $4 million increase to the newly formed QECB escrow account.
  - $4 million in CIA grant funds (see Note 13 of the financial statements for further explanation of the CIA program) received in previous years were spent down in 2015.
  - A $17.7 million decrease attributable to the decrease in investment values specifically related to GNMA and FNMA Program Assets (see Note 3 of the financial statements).
- Deferred outflows of resources decreased $9.3 million or 5.89% primarily resulting from:
  - A $10.9 million decrease in accumulated decrease in fair value of hedging derivatives. Although there was a net increase of $27.7 million in the outstanding notional amount of interest rate swaps, due to the reduction in long-term interest rates, the fair value of the Authority's swaps decreased by approximately $10.9 in 2015.
  - A net increase in deferred amount for pensions of $7.0 million. The entire year-end account balance will be recognized as expense over the succeeding five years (see Note 11 of the financial statements).
  - A net decrease of $5.4 million in unamortized deferral on bond refundings, the majority of which is due to amortization.
- Bonds payable increased by $160.1 million or 4.4%.
  - As a result of total new bond issuance exceeding total retired bond debt during 2015.
- Net pension liability increased by $10.3 million or 18.6%
  - The Authority is a component unit of the State of Connecticut and participates in the State's pension plan. Net pension liability is adjusted annually based on the actuarial valuation prepared by the State (see Note 11 of the financial statements).

Change 2014/2013

- Mortgage loans receivable increased $116.7 million or 3.4%.
  - During 2014, the Authority's home mortgage and multifamily loan portfolios experienced overall net growth. The Authority also supports its home mortgage program by purchasing GNMA and FNMA securities that are collateralized with Authority eligible home mortgage loans. These mortgage-backed securities ("GNMA and FNMA Program Assets") are categorized as "investments in securities." See Note 3 of the financial statements.
- Cash and investments in securities increased $77.1 million or 6.83% primarily resulting from:
  - A net increase of $69.8 million in bond proceeds and other funds held to be used for the financing of mortgage loans, the retirement of bond debt and the payment of administrative costs.
  - A $4.2 million decrease in escrow deposits held by the Authority. This was due in large to the reduction in available EMAP funds. The use of EMAP funds to provide Emergency Mortgage Assistance Loans in 2014 exceeded the additional funding received from the State of Connecticut for this program. See Note 4 of the financial statements for further explanation of the EMAP program).

  - An $11.5 million increase attributable to the increase in investment values specifically related to GNMA and FNMA Program Assets (see Note 3 of the financial statements).
- Bonds payable increased by $159.7 million or 23.6%
  - As a result of total new bond issuance exceeding total retired bond debt during 2014.
- Deferred outflows of resources increased $32.6 million or 25.9%.
  - The primary reason for this increase can be attributed to a net increase in the outstanding notional amount of interest rate swaps of approximately $5.1 million and a decrease in the fair value of the interest rate swaps due to the reduction in long-term interest rates. In addition, due to the January 1, 2014 implementation of GASB No. 71, the Authority recorded $2.8 million in deferred amount for pensions. This represents pension contributions made between the measurement date of June 30, 2014 and the Authority's fiscal year end of December 31, 2014.
- Net pension liability increased by $55.4 million or 100%
  - The Authority is a component unit of the State of Connecticut and participates in the State's pension plan. As a result of implementing GASB No. 68 effective January 1, 2014, the Authority recorded their proportionate share of the State of Connecticut's net pension liability. Net pension liability is adjusted annually based on the actuarial valuation prepared by the State (see Note 11 of the financial statements).

The home mortgage, rental housing and special needs housing loan portfolios are one of the Authority's primary assets.

New loans financed under the Authority's home mortgage and special needs housing programs (including GNMA and FNMA Program Assets, excluding the acquired portfolio from the State) exceeded payoffs for the years ended December 31, 2015 and 2014. Payoffs of loans for the year ended December 31, 2013 exceeded new loans financed as follows:

	(in millions)		
	New Loans Financed	**Payoffs**	**Net**
2015	$ 500.9	$ 205.7	$ 295.2
2014	406.6	197.3	209.3
2013	311.5	412.0	(100.5)

The change in the multifamily rental housing and special needs housing portfolios (excluding the acquired portfolio from the State) is summarized as follows:

	(in millions)			**% Change**	
	2015	**2014**	**2013**	**2015/2014**	**2014/2013**
Construction loan balances	$ 202.5	$ 217.8	$ 132.7	(7.0)%	64.1%
Permanent loan balances	1,011.2	947.4	954.6	6.7	(0.8)
Special needs housing permanent loan balances	54.8	56.2	57.5	(2.5)	(2.3)
Total multifamily mortgage loans	$ 1,268.5	$ 1,221.4	$ 1,144.8	3.9%	6.7%

As a result of legislation that was passed during calendar year 2002, on April 9, 2003 the Authority acquired housing assets from the State's Department of Economic and Community Development from a reallocation of $85 million of its available cash resources. The par value of this acquired portfolio at December 31, 2003 was $213.3 million. After evaluation of the underlying loans by the Authority, the carrying value of this portfolio was written down to $65.0 million.

The status of this portfolio as of December 31, 2015, 2014 and 2013, is summarized as follows (in 000's):

	December 31, 2015		
	Par Value	**Allowance for Losses**	**Carrying Amount**
Home mortgage loans	$ 17.8	$ (16.4)	$ 1.4
Multifamily mortgage loans	156.8	(120.5)	36.3
Total acquired portfolio	$ 174.6	$ (136.9)	$ 37.7
Allowance for losses % to par value		78.4%	

	December 31, 2014 Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	$ 18.2	$ (16.6)	$ 1.6
Multifamily mortgage loans	155.8	(121.3)	34.5
Total acquired portfolio	$ 174.0	$ (137.9)	$ 36.1
Allowance for losses % to par value		79.3%	

	December 31, 2013 Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	$ 18.9	$ (16.9)	$ 2.0
Multifamily mortgage loans	158.9	(123.4)	35.5
Total acquired portfolio	$ 177.8	$ (140.3)	$ 37.5
Allowance for losses % to par value		78.9%	

Mortgage loan earnings, including earnings on GNMA and FNMA Program Assets, which are included in "interest on investments," represent the Authority's major source of operating revenue. The Authority also charges various program fees that include but are not limited to application fees, commitment fees, extension fees and financing fees. The following table summarizes the changes in operating income between December 31, 2015, 2014 and 2013.

	(in millions) 2015	2014*	2013	% Change 2015/2014	2014/2013
Operating Revenues:					
Interest on mortgage loans	$ 164.6	$ 168.3	$ 173.5	(2.2) %	(3.0) %
Interest on investments	25.3	23.0	25.1	10.0	(8.4)
Fees and other income	5.5	8.5	5.6	(35.3)	51.8
Total operating revenues	195.4	199.8	204.2	(2.2)	(2.2)
Operating Expenses:					
Interest	125.3	125.9	140.1	(0.5)	(10.1)
Bond Issuance Costs	4.1	6.3	3.8	(34.9)	65.8
Servicer fees	10.5	8.4	7.3	25.0	15.1
Administrative	38.5	33.9	33.5	13.6	1.2
Provision for losses	16.2	1.8	3.9	800.0	(53.8)
Total operating expenses	194.6	176.3	188.6	10.4	(6.5)
Operating income	0.8	23.5	15.6	(96.6)	50.6
Nonoperating Revenues (Expenses):					
Net increase (decrease) in the fair value of investments	(17.7)	11.5	(33.5)	(253.9)	134.3
Other	(3.5)	15.2	1.6	(123.0)	850.0
Total nonoperating income (loss)	(21.2)	26.7	(31.9)	(179.4)	183.7
Change in net position	$ (20.4)	$ 50.2	$ (16.3)	(140.6) %	408.0 %

** Restated for GASB No. 68 & GASB No. 71 implementation (see note 2)*

Change 2015/2014

- Total net position decreased $20.4 million or 140.6%. Operating income was $.8 million, a decrease of $22.7 million, or 96.6%, from the prior year.
  - The nonoperating loss is substantially attributable to:
    - The $17.7 million decrease in the market value of the Authority's investment portfolio, specifically the Authority's GNMA and FNMA Program Assets discussed in Note 3 of the financial statements. This reduction in market value was due to an increasing market interest rate environment. Conversely, there was increase in the market value of the Authority's investments in 2014. During 2014 the Authority experienced a decreasing interest rate environment. The change in market interest rates has an inverse relationship to the market value of mortgage backed securities.

    - A net decrease of $18.7 million in Nonoperating Revenues Other. The majority of this change is attributed to the $16.2 million non-recurring gain recognized with the sale of a multifamily real estate owned property in 2014 (see Note 5). The remaining difference relates to the change in state and federal program funding and expenses. State and Federal Program ("program) expenses in 2014 exceeded 2014 program funding by $1 million. Program expenses exceeded program funding by $3.5 million in 2015. Per Public Act 05-228, effective May 2014, the Authority stopped receiving CIA funds (see Note 13). During 2015 the Authority spent down $3.5 million of these remaining funds.
- Operating revenues decreased $4.4 million or (2.2%). This decrease is substantially attributed to:
  - A decrease in interest on mortgage loans. As higher yield mortgage loans are paid down or are paid off, they are replaced with lower yield mortgage loans. In addition, as previously mentioned, in 2015 the Authority saw a large portion of new qualified mortgage loans being securitized into mortgage-backed securities. This accounts for the corresponding increase in interest on investments over prior year.
  - A decrease in fees and other income. In 2014, five multifamily loans were paid off before their maturity date. There were $1.7 million in prepayment penalties recognized in 2014 for these prepayments. There were no multifamily loan prepayment penalties recognized in 2015.
- Operating expenses increased $18.3 million or 10.4%. This increase is substantially attributable to:
  - There was a $4.6 million increase in administrative costs made up primarily of:
    - A $0.5 million dollar increase in foreclosure expenses related to the carrying costs associated with the Authority's single family real estate owned portfolio (see Note 5 of the financial statements).
    - A $2.4 million increase in employee benefits expenses. This increase, in large part, resulted from the recognition of additional pension expense (non-cash adjustment) required as part of the implementation of GASB 68.
    - A $0.6 million increase in bond administrative costs. The costs related to the ongoing administration of the bond program, such as monthly swap valuation services, annual fees related to GASB 53 reporting requirements and ongoing quantitative analysis service fees are now being recognized as an administrative expense. These expenses were included in bond issuance costs in prior years. This corresponds with bond issuance costs being lower in 2015 than prior year.
  - There was a $14.4 million increase in provision for losses. The majority of this change was due to certain multifamily projects reporting below net operating income or debt service coverage ratio acceptable tolerance levels. Asset Management monitors projects that fall into these rankings closely and intervenes as warranted to assist getting the project back on track.

Change 2014/2013

- Total net position increased $50.2 million or 5.8%. Operating income was $23.5 million, an increase of $7.9 million, or 50.6%, from the prior year.
  - The nonoperating gain is attributable to:
    - The $11.5 million increase in the market value of the Authority's investment portfolio, specifically the Authority's GNMA and FNMA Program Assets discussed in Note 3 of the financial statements. This increase in market value was due to a decreasing market interest rate environment. Conversely, there was decrease in the market value of the Authority's investments in 2013. During 2013 the Authority experienced an increasing interest rate environment. The change in market interest rates has an inverse relationship to the market value of mortgage backed securities.
    - A net increase of $13.6 million in Nonoperating Revenues Other. The majority of this change is attributed to the $16.2 million non-recurring gain recognized with the sale of a multifamily real estate owned property in 2014 (see Note 5). The remaining difference relates to the change in state and federal program funding and expenses. State and Federal Program ("program) funding in 2013 exceeded 2013 program expenses by $1.6 million, however program expenses exceeded program funding by $1 million in 2014. This resulted in a year over year change of $2.6 million. Per Public Act 05-228, effective May 2014, the Authority stopped receiving CIA funds (see Note 13). During 2014 the Authority spent down $1 million in excess of the CIA funds received through May 2014.
- Operating revenues decreased $4.4 million or (2.2%).
  - This decrease is attributable to the decrease in interest on mortgage loans and investment income. As higher yield investments and mortgage loans are paid down or are paid off, they are replaced with lower yield investments and mortgage loans.

- Operating expenses decreased $12.3 million or (6.5%).
  - This decrease is substantially attributable to the decrease in bond interest expense as a result of the Authority's continued restructuring of its bond debt and the issuing of bonds at lower interest rates during 2014.

Debt Administration

The following table summarizes the changes in bonds payable between December 31, 2015, 2014 and 2013. More detailed information related to the Authority's outstanding bond debt obligations is presented in Note 7 of the financial statements.

	(in millions)			% Change	
	2015	**2014**	**2013**	**2015/2014**	**2014/2013**
Bonds payable	$ 3,829.0	$ 3,668.9	$ 3,509.2	4.4%	4.6%

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances. If you have questions about this report or need additional information, contact the Finance Department of the Connecticut Housing Finance Authority at 999 West Street, Rocky Hill, CT 06067.

CONNECTICUT HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
(in 000's)

	December 31, 2015	December 31, 2014*
Assets		
Restricted current assets		
Cash and cash equivalents	$ 1,583	$ 448
Mortgage loans receivable	99,901	96,751
Investments in securities	464,544	539,009
Real estate owned – multifamily	2,300	3,290
Other real estate owned	–	819
Accrued interest receivable on:		
Mortgage loans	22,493	24,810
Securities	2,452	2,007
Accounts receivable and other assets	36,926	32,365
Total current assets	630,199	699,499
Restricted noncurrent assets		
Mortgage loans receivable, net of current portion	3,420,696	3,438,203
Investments in securities, net of current portion	891,549	666,553
Capital assets, net of depreciation	3,599	3,260
Real estate owned – single family	36,264	36,147
Total noncurrent assets	4,352,108	4,144,163
Total assets	4,982,307	4,843,662
Deferred outflows of resources		
Unamortized deferral on bond refundings	64,465	69,903
Deferred amount for pensions	9,828	2,775
Accumulated decrease in fair value of hedging derivatives	74,671	85,603
Total deferred outflows of resources	148,964	158,281
Liabilities		
Current liabilities		
Escrow deposits and unearned revenue	44,636	47,520
Accrued interest payable	14,280	15,169
Accounts payable and accrued liabilities	6,629	6,119
Bonds payable	294,678	329,294
Total current liabilities	360,223	398,102
Noncurrent liabilities		
Escrow deposits and unearned revenue, net of current portion	127,844	133,483
Bonds payable, net of current portion	3,534,349	3,339,581
Derivative instruments - interest rate swaps	154,147	163,955
Net pension liability	65,654	55,368
Total noncurrent liabilities	3,881,994	3,692,387
Total liabilities	4,242,217	4,090,489
Deferred inflows of resources		
Deferred amount for pensions	–	1,977
Total deferred inflows of resources	–	1,977
Net position		
Net investment in capital assets	3,599	3,260
Restricted by bond indentures and/or enabling legislation	885,455	907,946
Unrestricted deficit	–	(1,729)
Total net position	$ 889,054	$ 909,477

* Restated for GASB No. 68 and No. 71 implementation (see Note 2).

The accompanying notes are an integral part of the financial statements

CONNECTICUT HOUSING FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in 000's)

	Year Ended December 31,	
	2015	**2014***
Operating revenues		
Interest on mortgage loans	$ 164,632	$ 168,334
Interest on investments	25,294	22,954
Fees and other income	5,466	8,516
Total operating revenues	195,392	199,804
Operating expenses		
Interest	125,264	125,859
Bond issuance costs	4,118	6,345
Servicer fees	10,518	8,397
Administrative	38,499	33,902
Provision for losses	16,164	1,833
Total operating expenses	194,563	176,336
Operating income	829	23,468
Nonoperating revenues (expenses)		
Net increase (decrease) in the fair value of investments	(17,702)	11,456
Gain (loss) on sale of real estate owned	(63)	16,218
State and federal program funding	10,239	9,014
State and federal program expenses	(13,726)	(9,954)
Nonoperating income (loss)	(21,252)	26,734
Change in net position	(20,423)	50,202
Net position, beginning of year	909,477	859,275
Net position, end of year	$ 889,054	$ 909,477

* Restated for GASB No. 68 and No. 71 implementation (see Note 2).

The accompanying notes are an integral part of the financial statements

CONNECTICUT HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
(in 000's)

	Year Ended December 31, 2015	Year Ended December 31, 2014*
Cash flows from operating activities		
Cash received from interest on mortgage loans	$ 166,949	$ 168,403
Cash received from scheduled mortgage principal payments	105,108	89,691
Cash received from mortgage principal prepayments	152,329	176,429
Cash received from fees and other income	4,878	8,282
Cash payments to purchase mortgage loans	(260,512)	(397,883)
Cash payments to employees	(22,158)	(20,776)
Cash payments to suppliers	(25,265)	(21,152)
Net cash provided by operating activities	121,329	2,994
Cash flows from non-capital financing activities		
Repayments of escrow deposits	(8,523)	(1,186)
Retirement of bonds payable	(329,698)	(428,111)
Proceeds from sales of bonds	491,664	589,200
Interest paid	(122,191)	(120,999)
Bond issuance costs	(4,102)	(6,496)
Proceeds from state and federal program funding	10,239	9,014
State and federal program costs	(13,726)	(9,954)
Net cash provided by non-capital financing activities	23,663	31,468
Cash flows from capital and related financing activities		
Computer software	(558)	(389)
Net cash used in capital and related financing activities	(558)	(389)
Cash flows from investing activities		
Proceeds from sales of and maturities of investment securities	144,967	70,374
Purchase of investment securities	(313,102)	(126,923)
Interest received on investments	24,836	22,216
Net cash used in investing activities	(143,299)	(34,333)
Increase (decrease) in cash and cash equivalents	1,135	(260)
Cash and cash equivalents, beginning of year	448	708
Cash and cash equivalents, end of year	$ 1,583	$ 448
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 829	$ 23,468
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	205	202
Provision for losses	16,164	1,833
Bond issuance costs	4,118	6,345
Interest on investments	(25,294)	(22,954)
Interest expense	125,264	125,859
Change in assets and liabilities:		
Decrease in accrued interest on mortgage loans	2,317	69
Increase in accounts receivable and other assets	(4,561)	(2,081)
Increase (decrease) in accounts payable and other accrued liabilities	510	(1,096)
Increase in deferred amount for pensions, outflows	(7,053)	(492)
(Decrease) increase in deferred amount for pensions, inflows	(1,977)	1,977
Increase (decrease) in net pension liability	10,286	(1,974)
Decrease (increase) in mortgage loan and other receivables, net	521	(128,162)
Net cash provided by operating activities	$ 121,329	$ 2,994
Non-cash investing activities		
Net (decrease) increase in the fair value of investments	$ (17,702)	$ 11,456

* Restated for GASB No. 68 and No. 71 implementation (see Note 2).

The accompanying notes are an integral part of the financial statements

Note 1—Authorizing Legislation

Connecticut Housing Finance Authority (the "Authority") is a public instrumentality and political subdivision of the State of Connecticut. It was created in 1969 for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate-income families and persons throughout Connecticut. The Authority operates pursuant to Chapter 134 of the Connecticut General Statutes, as amended (the "Act"). As required by the Act, the Authority's powers are exercised by a Board of Directors consisting of fifteen members, four of whom are State officials, seven of whom are appointed by the Governor and four of whom are appointed by leaders of the General Assembly.

The Authority is authorized to issue bonds, notes and other obligations to fund loans to qualified borrowers for single family homes and multifamily developments. Funding of loan programs on an on-going basis is derived principally from bond proceeds and interest earned on loans and investments.

The Authority is a component unit of the State of Connecticut, based on the criteria for defining the reporting entity as identified and described in the Government Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600*.

Note 2—Summary of Significant Accounting Policies

Basis of Accounting

The Authority is a self-supported entity and the accompanying financial statements are presented using the economic resources measurement focus and accrual basis of accounting wherein revenues are recognized when earned, and expenses are recognized when the liability is incurred. The financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). While detail sub-fund information is not presented, separate accounts are maintained for each program and include certain funds that are legally designated as to use. The funds of the Authority and similar component units are proprietary fund types.

Reporting Entity

Connecticut Housing Finance Authority Funds

Under the Act and the General Housing Mortgage Finance Program Bond Resolution of September 27, 1972 (the "Bond Resolution"), the Authority is authorized to maintain Housing Mortgage General and Capital Reserve Funds. In addition to the aforementioned funds, the Authority, as permitted by the Act, has established other funds. Included in other funds are the Investment Trust Fund, which may be used to account for assets which are determined to be "surplus funds" under the terms of the Bond Resolution, and the Housing Mortgage Insurance Fund, which provides mortgage insurance.

Also included in other funds are:

(a) the Special Needs Housing Fund, the Special Needs Housing Capital Reserve Fund, the State Assistance Agreement Fund, and, as to the Authority's Emergency Mortgage Assistance Payment (EMAP) Program: the EMAP State Assistance Agreement Fund and the EMAP Revolving Loan Fund (collectively, the "Special Needs Housing Program Funds"), the Group Home Renewal and Replacement Fund, the Assisted Living Facilities Renewal and Replacement Fund and the Supportive Housing Renewal and Replacement Fund (collectively the "Special Needs Housing Renewal and Replacement Funds"). The Authority is authorized to maintain the Special Needs Housing Program Funds and the Special Needs Housing Renewal and Replacement Funds (collectively the "Special Needs Housing Funds") under the Act and the Special Needs Housing Mortgage Finance Program Indenture (formerly known as the Group Home Mortgage Finance Program Indenture of Trust) (the "Special Needs Indenture"),

(b) the Single Family Special Obligation Bond and Other Bond Funds which the Authority is authorized to maintain under the Act, the Bond Resolution Providing for the Issuance of Single Family Mortgage Revenue Bonds (the "SFSOB Resolution") of November 19, 2009, and the Bond Resolution Providing for the Issuance of Other Bonds for the Housing Mortgage Finance Program (Single Family) (the "Single Family Other Bond Resolution") of November 19, 2009,

(c) the Multifamily Special Obligation Bond and Other Bond Funds which the Authority is authorized to maintain under the Act, the Multifamily Bond Resolution Providing for the Issuance of Multifamily Mortgage Revenue Bonds (the "MFSOB Resolution") of November 19, 2009, and the Bond Resolution Providing for the Issuance of Other Bonds for the Housing Mortgage Finance Program (Multifamily) (the "Multifamily Other Bond Resolution") of October 27, 2011, and

(d) The Qualified Energy Conservation Bond Fund which the Authority is authorized to maintain under the Act, the Qualified Energy Conservation Bond Resolution Providing for the Issuance of Qualified Energy Conservation Revenue Bonds (the "QECB Resolution") of February 26, 2015.

Blended Component Units

The Authority's operations include blended component units which are included in the Authority's basic financial statements in accordance with GASB Statement No. 61. These are legally separate entities for which the Authority is considered financially accountable. The Authority is financially accountable for those units that make up its legal entity, as well as certain legally separate organizations because they have essentially the same board of directors and management personnel. Blended component units are, in substance, part of the Authority's operations; therefore, data from these units are combined with data of the primary Authority. Interfund activity has been eliminated. Additional information relating to these blended component units can be found in the Supplementary Information section of this report.

State Housing Authority

The State Housing Authority (the "Corporation") is a quasi-public agency of the State of Connecticut and a subsidiary of the Authority. It was created as the successor to the Connecticut Housing Authority ("CHA") under Public Act No. 95-250, which transferred $1,282,000 to establish the Corporation. The Corporation operates pursuant to Chapter 129 of the Connecticut General Statutes, as amended (the "CHA Act").

Real Estate Owned - Multifamily

CHFA – Small Properties, Inc. was established as a tax exempt organization and subsidiary of the Authority. This organization operates pursuant to Section 8-244(c)(1) of the Connecticut General Statutes and was created to provide distinct accountability for multifamily real estate awaiting sale.

Other Real Estate Owned

Trumbull Centre – CHFA, Inc., is also a tax exempt subsidiary of the Authority operating pursuant to Section 8-244(c)(1) of the Connecticut General Statutes. It was created to acquire a ninety percent interest in a Hartford, Connecticut real estate development project known as Trumbull on the Park. Trumbull Centre – CHFA, Inc., also acquired a ninety percent interest in real estate located at 111 Pearl Street, Hartford, Connecticut, an adjacent property to the Trumbull on the Park development. On January 30, 2008, one of the limited partners withdrew and its interest was proportionately reallocated between the remaining limited partners. Additionally, in 2010, a minority interest partner failed to make a required capital contribution. This resulted in Trumbull Centre – CHFA, Inc. holding a 95.27% interest in 111 Pearl Street, the underlying real estate of which was sold in June 2015. Trumbull Centre - CHFA, Inc.'s membership interest in Trumbull on the Park was sold in March 2014. With both properties now sold, Trumbull Centre-CHFA, Inc. was dissolved in 2015.

Cash and Cash Equivalents

Cash is comprised of accounts on deposit with financial institutions. For purposes of reporting cash flows, highly liquid instruments with an original maturity of less than 90 days are generally considered to be cash equivalents, exclusive of the State of Connecticut Short Term Investment Fund and overnight sweeps which are considered to be investments in securities.

Mortgage Loans Receivable

Mortgage loans are carried at their principal balance net of allowance for losses and are generally secured by first liens on real property. Interest on loans is accrued and credited to operations based on the principal amount outstanding. The accrual of interest income is discontinued when a loan becomes 90 days past due or in management's opinion is deemed uncollectible as to principal or interest. When interest accruals are discontinued, unpaid interest previously recorded as income is reversed and subsequently recognized only when received.

Allowance for Losses

The allowance for losses on the loan and real estate owned portfolios is provided through charges against current operations based on management's periodic review of the loan and real estate owned portfolios. This review considers such factors as the payment history of the loans, the current and projected cash flows of the borrowers, estimated value of the collateral, subsidies, historical loss experience for each type of insurance or guarantee and economic conditions.

Investments in Securities

The Authority is limited under the Act to (i) investment obligations issued or guaranteed by the United States Government or the State of Connecticut, (ii) participation certificates for the State of Connecticut Short Term Investment Fund ("STIF") which is an investment pool administered by the State Treasurer, and (iii) other obligations which are legal investments for savings banks in Connecticut and to time deposits or certificates of deposit or other similar arrangements secured in such a manner as the Authority determines.

Investments are carried at fair value with the exception of those investments maturing within one year, which are carried at amortized cost, excluding accrued interest.

Capital Assets

Land, building, building improvements and computer software exceeding $1,000 are capitalized at cost. Maintenance and repair expenses are charged to operations when incurred. Depreciation is computed using the straight-line method over the estimated useful life; 32 years for building and building improvements and 7 years for computer software.

Compensated Absences

Full-time employees accrue vacation or annual leave at the rate of fifteen to twenty-five days per year, depending on length of service. Employees may accumulate leave time, subject to certain limitations, and upon retirement, termination or death may be compensated for certain accumulated amounts at their then current rates of pay. The liability was $1,483,000 and $1,193,000, for 2015 and 2014 respectively, and is reflected in the Statement of Net Position as a component of Account Payable and Accrued Liabilities.

Bond Issuance Costs

Bond issuance costs are expensed when incurred and are classified as an operating expense in the Statements of Revenues, Expenses and Changes in Net Position.

Bond Premiums and Discounts

Discount and premium on bonds issued are deferred and amortized as a component of interest expense using a method approximating the effective interest method.

Refundings of Debt

Gains and losses in connection with advanced refundings of debt are recorded as either a deferred outflow (loss) or deferred inflow (gain) of resources and amortized as a component of interest expense over the shorter of the remaining life of the old or the new debt.

Real Estate Owned

Real estate acquired in satisfaction of a loan and in-substance foreclosures are reported separately in real estate owned. In-substance foreclosures are properties in which the borrower has little or no equity in the collateral, where repayment of the loan is expected only from the operation or sale of the collateral, and the borrower either effectively abandons control of the property or the borrower has retained control of the property, but his ability to rebuild equity based on current financial conditions is considered doubtful. Properties acquired by foreclosure or deed in lieu of foreclosure and properties classified as in-substance foreclosures are transferred to real estate owned and recorded at the lower of cost or fair value less estimated selling costs at the date of foreclosure and are adjusted, if necessary, at year end. An allowance for losses on real estate owned is maintained for subsequent valuation adjustments on a specific property basis.

Net Pension Liability

Net pension liability is measured as the portion of the actuarial present value of projected pension benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for the purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Derivative Financial Instruments

The Authority's derivative financial instruments consist of interest rate swaps, all of which have been determined by the Authority to represent effective cash flow hedges. Accordingly, changes in the fair value of the swaps are reported as either deferred outflows or inflows of resources on the statement of net position.

The interest differentials to be paid or received under interest rate swaps are recognized as increases or decreases in interest expense of the related bond liability. The fair value of the Authority's position at year end in swap agreements is disclosed in Note 7. No gains or losses will result under the agreements unless an agreement is terminated prior to maturity or the counterparty defaults.

Net Position

Net position is classified in the following three categories:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation. There is no outstanding debt related to the Authority's capital assets.

Restricted by bond indentures and/or enabling legislation – All funds and component units of the Authority that are not related to capital assets are restricted by the Bond Resolution, Special Needs Indenture, SFSOB Resolution, Single Family Other Bond Resolution, MFSOB Resolution, Multifamily Other Bond Resolution and/or the Act.

Unrestricted deficit – This relates to net position that does not meet the definition of "net investment in capital assets" or "restricted" as discussed above.

Operating and Nonoperating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues consist primarily of interest income on mortgage loans, fees and other charges related to mortgage loans and interest on investments, including fees and interest on GNMA and FNMA Program Asset investments more fully described in Note 3. The Authority also recognizes revenues from other administrative fees as operating revenues. Operating expenses include general and administrative expenses, costs and expenses incurred in connection with the amortization, issuance and sale of bonds; and other costs related to various loan programs. Revenues or expenses not meeting this definition are generally reported as nonoperating revenues and expenses.

Grants

Grants received from federal and state governments are recognized as nonoperating revenue as the related expenditures are incurred in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions.*

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

New Accounting Pronouncements Recently Adopted

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Statement requires governments providing defined pension benefits to recognize their long-term obligations for benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB 68*, during the current year. The objective of this Statement is to address an issue regarding application of the transition provisions of GASB 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

On January 1, 2014, the Authority adopted GASB Statement Nos. 68 and 71. GASB 68 requires cost-sharing employers to recognize liabilities, deferred outflows of resources, deferred inflows of resources and expenses for their proportionate share of the pension plan's total. GASB 71 requires that, at transition, a government recognize a deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the net pension liability and the end of the government's reporting period. The provisions of GASB 71 are required to be applied simultaneously with the provisions of GASB 68.

The following table summarizes the adjustments that have been made to restate the Authority's financial statements to reflect the impact of implementing GASB No. 68 and GASB No. 71.

	As Previously Reported	Adjustment	As Restated
As of December 31, 2013			
Net Position	$ 914,334	$ (55,059)	$ 859,275
As of December 31, 2014			
Deferred outflows of resources:			
Deferred employer pension contributions	$ -	$ 2,775	$ 2,775
Net pension liability	-	55,368	55,368
Deferred inflows of resources:			
Change in projected pension investment earnings	-	1,977	1,977
Net Position	964,047	(54,570)	909,477
For the year ended December 31, 2014			
Administrative expenses	$ 34,391	$ (489)	$ 33,902
Operating income	22,979	489	23,468
Change in net position	49,713	489	50,202

Recent Accounting Standards (in 000's)

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* The objective of this Statement is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. Additionally, it expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Authority is in the process of assessing the impact of GASB No. 72 on its financial statements.

In June 2015, GASB issued Statement No. 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify, in the context of current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The GAAP hierarchy consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principals. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Authority does not anticipate that the implementation of this standard will have an impact on its financial statements.

Note 3—Cash and Cash Equivalents and Investments in Securities

(a) Deposits (in 000's)

At December 31, 2015 and 2014, the carrying amount reported as cash and cash equivalents on the statements of net position of the Authority represents deposits (including checking accounts and escrow accounts) of $1,583 (including $46 held under the Special Needs Housing Renewal and Replacement Funds) and $448 (including $26 held under the Special Needs Housing Renewal and Replacement Funds), respectively. This entire amount is on deposit in independent financial institutions with a balance of $3,216 and $1,323 at December 31, 2015 and 2014, respectively. Included in the carrying amount reported as cash and cash equivalents, $214 and $263, respectively, are deposits held in escrow by the Authority at December 31, 2015 and 2014.

Custodial Credit Risk – Of the $3,216 and $1,323 financial institution balance at December 31, 2015 and 2014, $249 and $142, respectively were held in the Authority's name in the corporate trust division of one financial institution. These amounts were collateralized with a market value of underlying collateral equal to at least 100% of the amount on deposit with acceptable collateral compliant with 12 CFR § 9.10(b). In addition, in compliance with 12 CFR § 9.13 these amounts were protected from any potential creditors of the financial institution. The balances of $2,967 and $1,181, respectively were held in demand deposit accounts at FDIC-insured institutions. As of December 31, 2015, $2,717 was uninsured, $297 of which was collateralized with securities by the financial institution, but not in the Authority's name. As of December 31, 2014, $931 was uninsured, $118 of which was collateralized with securities by the financial institution, but not in the Authority's name.

(b) Investments in Securities (in 000's)

At December 31, 2015, the Authority held the following investments with the listed maturities bearing interest at annual rates ranging from 0% to 7.65%. For investments other than Municipal Bonds, where no rating is indicated, the investments are direct obligations issued by the United States Government or its agencies or fully collateralized by such obligations. Municipal Bonds represent the Authority's Other Bonds which are more fully described in Note 7. They are secured by the Bond Resolution Capital Reserve Fund and as such, are a contingent liability of the State of Connecticut. Ratings are displayed with the Standard & Poor's rating listed first (if available), the Moody's Investors Service second (if available) and the Fitch Rating last (if available) or NR for not-rated.

	Fair Value	Investment Maturities (in Years) Less Than 1	1 – 5	6 – 10	More Than 10
CMO-rated (NR/NR/ CCC)	$ 743	$ –	$ –	$ 743	$ –
GNMA & FNMA Program Assets	846,159	–	–	–	846,159
MBS's	768	–	–	125	643
Money Market Funds-not rated	15,624	15,624	–	–	–
Municipal Bonds	42,750	213	1,258	1,655	39,624
STIF-rated (AAAm/NR/NR)	448,707	448,707	–	–	–
Structured Securities-rated (NR/C/D)	450	–	–	–	450
U.S. Government Agency Securities	892	–	–	–	892
Total investments held by all funds and component units	$ 1,356,093	$ 464,544	$ 1,258	$ 2,523	$ 887,768
Restricted Current Assets					
Capital Reserve Funds	$ 16,925				
Renewal and Replacement Fund	7,557				
All other funds and component units	440,062				
Total Restricted Current Assets	464,544				
Restricted Noncurrent Assets					
Capital Reserve Funds	785,016				
All other funds and component units	106,533				
Total Restricted Noncurrent Assets	891,549				
Total investments held by all funds and component units	$ 1,356,093				

Interest Rate Risk – Exposure to declines in fair value is substantially limited to the Authority's investment in the GNMA and FNMA Program Assets, discussed above. The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets in a specific maturity. This policy also requires the Authority to attempt to match its investments with anticipated cash flow requirements and to seek diversification by staggering maturities in such a way that avoids undue concentration of assets in a specific maturity sector.

Credit Risk – The Authority's investments are limited under the Act to (i) United States Government obligations, including its agencies or instrumentalities, (ii) investments guaranteed by the State of Connecticut, (iii) participation certificates for the investment pool administered by the State Treasurer or (iv) other obligations which are legal investments for savings banks in the State of Connecticut. The Money Market Funds are fully collateralized by obligations issued by the United States Government or its agencies. Mortgage Backed Securities ("MBSs") are fully collateralized by the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC") or the Government National Mortgage Association ("GNMA"), and Collateralized Mortgage Obligations ("CMOs") are fully collateralized by the United States Department of Housing and Urban Development ("HUD") mortgage pools. Structured Securities are fully collateralized by Manufactured Housing Sales Contracts and Installment Loan Agreements. At December 31, 2015, one CMO (fair value $743) and one Structured Security (fair value $450) were below Investment Grade rating standards. At December 31, 2014, one CMO (fair value $863) and one Structured Security (fair value $690) were below Investment Grade rating standards. The Fidelity Tax Exempt Fund which is included in the Money Market Funds, is subject to Rule 2a-7 of the Investment Company Act of 1940.

Concentration of Credit Risk – The Authority's investment policy requires diversification of its investment portfolio to reduce the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2015 and 2014, the Authority had no investments in any one issuer that represents 5% or more of total investments, other than investments guaranteed by the U.S. Government (GNMA and FNMA Program Assets – fair value - $846,159 or 62% in 2015 and $621,231 or 51% in 2014) or the State of Connecticut (STIF – fair value - $448,707 or 33% in 2015 and $529,361 or 43% in 2014).

Custodial Credit Risk – All investments exist in book entry form and are held by the Trustee or other financial institution in the Authority's name or insured (fair value – $907,386 in 2015 and $676,201 in 2014) with the exception of the STIF (fair value – $448,707 in 2015 and $529,361 in 2014-rated AAAm in 2015 and 2014). The underlying value of the investment in the STIF's pool is the same as the value of the pool's shares. Regulatory oversight for the STIF is provided by an investment advisory council and the Treasurer's Cash Management Advisory Board.

GNMA and FNMA Program Assets - Since 1999, the Authority directed certain of its participating lenders to assign government insured Authority qualified home mortgage loans and sold a portion of its existing home mortgage loan portfolio for assembly into pools guaranteed by the Government National Mortgage Association ("GNMA"). GNMA securities were issued backed by these home mortgage loans, and the Authority purchased the securities ("GNMA Program Assets") with funds held in the Housing Mortgage Capital Reserve Fund. In 2000, the Authority expanded this program to allow the purchase of GNMA Program Assets with funds held in the Housing Mortgage General Fund. As a result of this program expansion and in order to assure compliance with Bond Resolution requirements, the Authority transferred the $331,081 net position held in the Investment Trust Fund to the Housing Mortgage General Fund in 2001. Since 2001, GNMA Program Assets have also been purchased with funds held in the Special Needs Housing Fund and the Special Needs Housing Capital Reserve Fund. In 2013, the Authority directed certain of its participating lenders to assign privately insured Authority qualified conventional home mortgage loans for assembly into pools guaranteed by the Federal National Mortgage Association ("FNMA"). These pools were securitized and are backed by these home mortgage loans. GNMA and FNMA Program Assets are carried at fair value. As of December 31, 2015 and 2014, the fair value of GNMA and FNMA Program Asset investments was $846,159 and $621,231, respectively.

Bond Resolution Capital Reserve Fund (in 000's)

The Bond Resolution Capital Reserve Fund is established pursuant to the Act and the Bond Resolution and is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments and interest maturing and becoming due in the next succeeding calendar year ($230,029 at December 31, 2015 and $220,700 at December 31, 2014) on all bonds of the Authority then outstanding under the Bond Resolution. Further, the Authority may not issue additional bonds under the Bond Resolution unless the amount in the Bond Resolution Capital Reserve Fund is at least equal to the maximum amount of principal, sinking fund installments and interest maturing and becoming due in any succeeding calendar year ($247,683 at December 31, 2015 and $235,626 at December 31, 2014) on all bonds of the Authority then outstanding under the Bond Resolution. For purposes of satisfying these requirements, the Act and the Bond Resolution require that investments of the Bond Resolution Capital Reserve Fund be valued at the lowest of par, actual cost or market value. To satisfy this calculation, all variable rate interest payments and receipts are assumed to be based on the average interest rates for the prior twelve months plus 200 basis points, interest payments on swapped bonds are included at the fixed rate on the swaps, and retirement of principal on bonds with mandatory tender dates are assumed in accordance with the sinking fund schedule of each respective bond series resolution.

Special Needs Indenture Capital Reserve Fund (in 000's)

The Special Needs Indenture Capital Reserve Fund is established pursuant to the Act and the Special Needs Indenture and is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments and interest maturing and becoming due in the next succeeding calendar year ($4,574 at December 31, 2015 and $4,588 at December 31, 2014) on all bonds of the Authority then outstanding under the Special Needs Indenture. Further, the Authority may not issue additional bonds under the Special Needs Indenture unless the amount in the Special Needs Indenture Capital Reserve Fund is at least equal to the maximum amount of principal, sinking fund installments and interest maturing and becoming due in any succeeding calendar year ($4,589 at December 31, 2015 and $4,589 at December 31, 2014) on all bonds of the Authority then outstanding under the Special Needs Indenture. For purposes of satisfying these requirements, the Act and the Special Needs Indenture require that investments of the Special Needs Indenture Capital Reserve Fund be valued at amortized cost or such other method as determined by the Authority to be reasonable and in the best interest of the bondholders, provided such other method is approved by the trustee and any applicable bond insurer.

Restricted funds of the Bond Resolution and Special Needs Indenture Capital Reserve Funds consisted of the following:

	December 31,					
	2015			2014		
	Bond Resolution	Special Needs Indenture	Total	Bond Resolution	Special Needs Indenture	Total
Investments in securities	$ 796,351	$ 5,590	$ 801,941	$ 590,302	$ 5,658	$ 595,960
Accrued interest receivable	2,065	7	2,072	1,679	8	1,687
Total Capital Reserve Funds	$ 798,416	$ 5,597	$ 804,013	$ 591,981	$ 5,666	$ 597,647
Restricted Current Assets						
Investments in securities	$ 12,487	$ 4,438	$ 16,925	$ 7,365	$ 4,139	$ 11,504
Accrued interest receivable	2,065	7	2,072	1,679	8	1,687
Total Restricted Current Assets	14,552	4,445	18,997	9,044	4,147	13,191
Restricted Noncurrent Assets						
Investments in securities	783,864	1,152	785,016	582,937	1,519	584,456
Total Restricted Noncurrent Assets	783,864	1,152	785,016	582,937	1,519	584,456
Total Capital Reserve Funds	$ 798,416	$ 5,597	$ 804,013	$ 591,981	$ 5,666	$ 597,647

Special Needs Housing Renewal and Replacement Funds

The Special Needs Housing Renewal and Replacement Funds are established pursuant to the Act and the Special Needs Indenture to provide funding for capital repairs and replacements exceeding $2,500 for group homes, assisted living facilities and supportive housing facilities financed with the proceeds of bonds issued under the Special Needs Indenture. At December 31, 2015 and 2014, the carrying amount of restricted funds of the Special Needs Housing Renewal and Replacement Funds consisted of the following (in 000's):

	December 31,	
	2015	2014
Cash and cash equivalents	$ 46	$ 26
Investments in securities	7,557	7,328
Accrued interest receivable	2	1
Total Special Needs Housing Renewal and Replacement Funds	$ 7,605	$ 7,355

Note 4—Mortgage Loans Receivable

The Authority makes single family and multifamily loans to residents and corporations domiciled in the State of Connecticut. All such loans are collateralized by real estate located in the State of Connecticut. The majority of the Authority's loan portfolio is comprised of residential mortgages.

The Authority has entered into agreements with various banks and other financial institutions for the servicing of the majority of its home mortgage loan portfolio. As of December 31, 2015 and 2014, 41% and 43% respectively, of this portfolio was serviced by one financial institution.

Mortgage loans consisted of the following (in 000's):

	December 31, 2015	December 31, 2014
Home mortgage loans		
Insured by the Federal Housing Administration or guaranteed by the Veterans Administration	$ 1,639,990	$ 1,678,025
Insured by private mortgage insurance companies	176,767	212,410
Uninsured reverse annuity mortgage loans	2,924	3,472
Uninsured, State of Connecticut supported EMAP loans	60,530	53,968
Uninsured, not guaranteed	600,026	577,604
Total home mortgage loans	2,480,237	2,525,479
Multifamily mortgage loans		
Completed developments:		
Insured by the Federal Housing Administration or guaranteed by private insurer	36,331	40,126
Uninsured, federally subsidized	291,933	257,440
Uninsured, State of Connecticut subsidized special needs housing mortgage loans	54,812	56,240
Uninsured, unsubsidized, not guaranteed	839,782	805,670
Total completed developments	1,222,858	1,159,476
Construction mortgage loans:		
Uninsured, unsubsidized	202,497	217,772
Total construction mortgage loans	202,497	217,772
Total multifamily mortgage loans	1,425,355	1,377,248
Less allowance for losses	(384,995)	(367,773)
Total investments in mortgage loans	$ 3,520,597	$ 3,534,954
Restricted current assets	$ 99,901	$ 96,751
Restricted noncurrent assets	3,420,696	3,438,203
Total mortgage loans receivable	$ 3,520,597	$ 3,534,954

The Federal Housing Administration ("FHA") home mortgage program insures the repayment of the unpaid principal amount of the mortgages. The insurance proceeds are usually paid in cash, but, under certain programs, payments may be in the form of twenty-year debentures which may have an interest rate less than that of the insured mortgage. The Veterans Administration ("VA") mortgage program provides limited guarantees subject to the amount of the entitlement a veteran has available. For loans between $45,000 and $144,000, the minimum VA guarantee amount is $22,500, with a maximum guarantee of up to 40% of the loan up to $36,000. For loans of more than $144,000, the maximum VA guarantee is the lesser of 25% or $104,250, which is the Freddie Mac conforming loan limit for a single family residence, adjusted for the year involved.

The Authority has entered into a risk-sharing agreement with the U.S. Department of Housing and Urban Development ("HUD") whereby HUD will provide partial mortgage insurance on affordable multifamily housing projects processed by the Authority. The risk of loss to the Authority varies from 10% to 50% or more depending on the level of participation by HUD.

Through the issuance of bonds under the Special Needs Indenture and/or amounts received from the State of Connecticut, the Authority has made special needs housing mortgage loans to (i) finance community based residential facilities for persons with intellectual disabilities ("Group Home"), (ii) finance projects for assisted living communities for residents who need help with one or more activities of daily living ("Assisted Living Facility"), (iii) finance residential facility housing for up to one or more persons or families that are homeless or at risk of homelessness ("Supportive Housing Facility") and (iv) provide financial assistance to homeowners at risk of foreclosure ("EMAP Loan"). Mortgage loan repayments for the Group Home, Assisted Living Facility and Supportive Housing Facility (collectively the "Special Needs Housing Loans") which require regularly scheduled payments are made through subsidies received from the State of Connecticut. For Special Needs Housing Loans that do not require regularly scheduled payments, the debt service on the bonds is paid by the State of Connecticut. EMAP Loan repayments are made by the homeowner in accordance with the provisions of Connecticut General Statutes § 8-265bb through 8-265kk. These repayments are to be used solely for the benefit of the EMAP program. Debt service on bonds issued under the Special Needs Indenture for the purpose of financing EMAP Loans is paid by the State of Connecticut.

At December 31, 2015 and 2014, permanent loans earn interest at rates ranging from 0% to 13.340% and 0% to 12.655%, respectively, and have initial terms of 2 to 50 years at December 31, 2015 and 2014.

At December 31, 2015 and 2014, construction loans earn interest at rates ranging from 0% to 8.56% and 0% to 6.75%, respectively. Upon completion of each development, the related permanent mortgage loan will typically be provided by the Authority and will generally be payable over 30 to 50 years with interest rates ranging from 0% to 6.40% at December 31, 2015 and 0% to 6.25% at December 31, 2014.

Note 5—Real Estate Owned and Other Real Estate Owned

Real Estate Owned (in 000's)

	December 31,					
	2015			2014		
	Single Family	Multifamily	Total	Single Family	Multifamily	Total
Real estate owned	$ 38,449	$ 2,300	$ 40,749	$ 38,805	$ 3,290	$ 42,095
Allowance for losses	(2,185)	–	(2,185)	(2,658)	–	(2,658)
Real estate owned - carrying amount	$ 36,264	$ 2,300	$ 38,564	$ 36,147	$ 3,290	$ 39,437

With respect to single family real estate owned, the majority of such assets are at least partially insured or guaranteed by outside parties, it is anticipated that the Authority will recover substantially all of the balance of these assets through such insurance and from proceeds from the sale of the underlying properties.

With respect to multifamily real estate owned, the Authority is holding such assets for subsequent sale in a manner that will allow the maximization of value. As of December 31, 2015, one property remained in the multifamily real estate owned portfolio and is currently being marketed. As of December 31, 2014, four properties were classified as multifamily real estate owned.

Other Real Estate Owned

During 2003, the Authority's component unit, Trumbull Centre – CHFA, Inc., acquired a ninety percent interest in a Hartford, Connecticut, real estate development project known as Trumbull on the Park. Trumbull Centre – CHFA, Inc., also acquired a ninety percent interest in property adjacent to the Trumbull project, known as 111 Pearl Street. On January 30, 2008, one of the limited partners withdrew and its interest was proportionately reallocated between the remaining limited partners resulting in Trumbull Centre – CHFA, Inc. holding a 94.74% interest in both Trumbull on the Park and 111 Pearl Street. In 2010, a minority interest owner failed to make a required capital contribution. This resulted in an increase in Trumbull Centre – CHFA, Inc's interest holding to 95.27%. On March 28, 2014, Trumbull Center, CHFA, Inc., sold its membership interest in Trumbull on the Park, LLC to an unrelated third party for the sales price of $1. The sale terms required the purchaser to assume the $22 million HUD-insured mortgage encumbering the entity at the time of sale. This transaction resulted in a $16 million gain and is reflected in the Non-Operating section of the Statement of Revenues, Expenses and Changes in Net Position. 111 Pearl Street was sold in June 2015 for $500,000 and resulted in a $327,715 loss which is reflected in the Non-Operating section of the Statement of Revenues, Expenses and Changes in Net Position. Trumbull Center, CHFA, Inc. was dissolved in 2015.

Note 6—Capital Assets

Capital asset activity for the years ended December 31, 2015 and 2014, is as follows (in 000's):

	Balance, January 1, 2015	Additions/ (Deletions)	Balance, December 31, 2015
Capital Assets:			
Land	$ 851	$ –	$ 851
Building	2,851	–	2,851
Improvements	2,038	47	2,085
Computer software	388	497	885
	6,128	544	6,672
Less accumulated depreciation	(2,868)	(205)	(3,073)
Capital Assets, net	$ 3,260	$ 339	$ 3,599

	Balance, January 1, 2014	Additions/ (Deletions)	Balance, December 31, 2014
Capital Assets:			
Land	$ 851	$ –	$ 851
Building	2,851	–	2,851
Improvements	2,038	–	2,038
Computer software	–	388	388
	5,740	388	6,128
Less accumulated depreciation	(2,666)	(202)	(2,868)
Capital Assets, net	$ 3,074	$ (186)	$ 3,260

Note 7—Bonds Payable

The Act authorizes the Authority to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Authority, will be necessary to provide sufficient funds for carrying out its purposes. The State legislature enacted legislation that provides the authority to enter into agreements to reduce the rate of borrowing and moderate the effect of bond interest rate fluctuations through the use of contracts commonly known as interest rate swap agreements and similar type contracts. The Authority's obligations are not debt of the State of Connecticut, and the State is not liable thereon.

The Authority has entered into liquidity agreements with various providers for all variable rate demand bonds, which assure that any bonds purchased by the liquidity provider can be refinanced on a long-term basis.

Bond Resolution

Housing Mortgage Finance Program Bonds issued under the Bond Resolution bear fixed interest at rates ranging from 0.15% to 6.625% at December 31, 2015 and 2014, and are subject to certain redemption provisions and mature in years through 2055 at December 31, 2015 and 2014.

The following assets of the Authority are pledged for the payment of bond principal and interest under the Bond Resolution: (1) the proceeds derived from the sale of bonds issued under the Bond Resolution, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed, or deemed to have been financed from the Housing Mortgage General Fund, and (3) all monies and securities of the Housing Mortgage General Fund and the Bond Resolution Capital Reserve Fund.

Special Needs Indenture

Special Needs Housing Mortgage Finance Program Bonds issued under the Special Needs Indenture bear fixed interest at rates ranging from 1.00% to 5.25% at December 31, 2015 and 2014, are subject to certain redemption provisions and mature in years through 2045 at December 31, 2015 and 2014.

The following assets of the Authority are pledged for the payment of bond principal and interest under the Special Needs Indenture: (1) the proceeds derived from the sale of bonds issued under the Special Needs Indenture, (2) all mortgage repayments with respect to Special Needs Housing mortgages financed from the Special Needs Housing Fund, and (3) all monies and securities of the Special Needs Housing Fund, the State Assistance Agreement Fund, the EMAP State Assistance Agreement Fund and the Special Needs Housing Capital Reserve Fund.

SFSOB Resolution, MFSOB Resolution, Single Family Other Bond Resolution and Multifamily Other Bond Resolution

In October 2009, the U.S. Department of Treasury (the "Treasury"), the Federal Housing Finance Agency and Fannie Mae and Freddie Mac (the "GSEs") announced the Federal New Issue Bond Program (the "Federal NIBP") authorized by the Housing Economic Recovery Act of 2008. The Federal NIBP allowed the GSEs to purchase bonds from housing finance agencies (the "HFAs") and package them into GSE-guaranteed securities for delivery to and purchase by the Treasury. These HFA bonds were to be issued to finance single family or multifamily mortgage loans. If issued to finance single family loans, the HFA bonds were not to exceed 60% of the bond issue. The HFA bonds were required to be issued at fixed rates to maturity or monthly rate reset bonds that were to convert to rates fixed to maturity in calendar year 2010. In September 2010, the Treasury announced an extension to the end of this conversion period to December 31, 2011. The fixed interest rates were expected to be lower than prevailing interest rates available through a public bond offering. Pursuant to this program and based on an allocation for GSE purchase received from the Treasury, the Authority issued $191,720,000 in Single Family Special Obligation Bonds under the SFSOB Resolution and $27,610,000 in Multifamily Special Obligation Bonds under the MFSOB Resolution (collectively, the "NIBP Escrow Bonds") on December 30, 2009 that settled on January 12, 2010. The proceeds of the NIBP Escrow Bonds were held in escrow pending the issuance by the Authority of additional taxable or tax-exempt bonds (the "NIBP Market Bonds"). As of December 31, 2011, all NIBP Escrow Bonds had been converted to long-term fixed rates of interest.

Bonds issued under the SFSOB Resolution and the MFSOB Resolution are special obligations of the Authority payable solely from and secured by assets pledged under the (i) SFSOB Resolution for Single Family Special Obligation Bonds, and (ii) MFSOB Resolution for Multifamily Special Obligation Bonds.

In connection with the Federal NIBP, the Authority has also authorized the Single Family Other Bond Resolution and the Multifamily Other Bond Resolution ("Other Bond Resolutions") to issue bonds ("Other Bonds") secured by the Bond Resolution Capital Reserve Fund under the Bond Resolution. Proceeds of the Other Bonds, the NIBP Escrow Bonds and the NIBP Market Bonds are intended to be used to (i) participate in the purchase or making of single-family or multifamily mortgage loans under the Authority's Housing Mortgage Finance Program, (ii) fund reserves and (iii) pay related bond costs. Bonds issued under the Other Bond Resolutions are general obligations of the Authority.

QECB Resolution

The Authority adopted the Qualified Energy Conservation Bond Resolution ("QECB Resolution") on February 26, 2015. The bond proceeds are intended to be used for energy conservation improvements and replacements for multifamily housing developments owned or managed by participating public housing authorities. Bonds issued under the QECB Resolution are secured by, among others, the loan repayments from the QECB funded loans, the QECB federal tax credit subsidy and are general obligations of the Authority.

Bonds payable as of December 31, 2015 and 2014 were as follows (in 000's):

Housing Mortgage Finance Program Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2015	Outstanding Amount December 31 2014	Amount Due Within 1 Year
1989 Series D	1993-2024	Variable	$ 20,105	$ 21,625	$ 21,740
1998 Series D	2020-2025	Variable	25,000	25,000	–
1999 Series A	2014-2018	Variable	28,000	29,400	5,200
2001 Series D	2012-2027	Index	20,770	21,925	1,225
2003 Series G	2013-2034	1.55 - 4.95/Variable	–	12,980	–
2004 Series A	2017-2035	Variable	15,000	19,430	–
2004 Series B	2005-2034	2.43 - 4.98/Variable	–	2,210	–
2005 Series A	2005-2034	2.10 - 4.75	–	595	–
2005 Series B	2007-2035	2.90 - 4.76	620	620	530
2005 Series C	2006-2035	5.16 - 5.29	–	18,650	–
2005 Series F	2016-2035	4.90	–	2,655	–
2006 Series A	2007-2036	3.30 - 4.875	–	5,475	–
2006 Series C	2016-2035	5.38%	3,800	3,800	105
2006 Series D	2007-2035	3.40 - 4.70	29,715	30,985	1,355
2006 Series E	2007-2029	3.80 - 4.95	15,800	16,455	705
2006 Series F	2007-2016	3.80 - 5.83	645	2,300	645
2006 Series G	2007-2037	3.55 - 5.31	27,245	32,270	–
2007 Series A	2013-2038	4.00 - 4.95	25,000	25,000	–
2007 Series B	2021-2034	3.55 - 4.65	8,555	9,730	–
2007 Series C	2010-2049	5.15	860	870	10
2008 Series A	2009-2015	2.00 – 3.875	–	1,900	–
2008 Series B	2009-2034	2.00 - 5.41	94,965	98,475	3,845
2008 Series C	2009-2018	3.86 - 6.16	655	1,755	575
2008 Series D	2009-2038	2.875 - 6.625	7,255	7,365	125
2008 Series E	2021-2039	Variable	140,045	140,045	0
2008 Series F	2009-2018	2.10 - 6.02	1,015	2,115	575
2008 Series G	2011-2038	3.40 - 6.00	7,820	7,880	75
2009 Series A	2020-2039	Variable	180,000	180,000	100,000
2009 Series B	2010-2029	0.70 - 4.875	10,505	22,170	310
2009 Series C	2010-2039	0.30 - 4.95/Variable	30,895	36,300	435
2009 Series D	2010-2039	5.071 - 6.274	58,520	58,950	455
2009 Series F	2011-2039	0.40 - 4.65	3,795	3,845	50
2010 Series A	2010-2039	0.25 - 4.80/Variable	113,485	118,790	34,600
2010 Series B	2010-2017	0.25 - 2.95	455	660	220
2010 Series C	2025-2030	Index	–	35,000	–
2010 Series D	2011-2031	0.673 - 5.00	9,945	15,555	880
2010 Series E	2011-2052	0.70 - 5.25	40,060	41,245	1,180
2010 Series G	2013-2031	0.20 – 3.05	19,790	20,580	825
2011 Series B	2011-2041	0.30 - 5.00	13,340	28,925	4,410
2011 Series C	2018-2035	Variable	100,000	100,000	–
2011 Series E	2012-2041	0.30 - 4.625/Variable	82,725	101,185	4,145
2011 Series F	2012-2053	0.25 - 5.00	35,585	35,930	350
2012 Series A	2012-2032	0.17 - 3.55	130,060	141,575	12,000
2012 Series B	2013-2043	0.60 - 4.40	45,240	46,510	1,345
2012 Series C	2017-2038	2.00 - 3.875	176,990	176,990	–
2012 Series D	2013-2042	0.22 - 4.15/Variable	119,160	142,160	21,500
2012 Series E	2022-2035	3.70 - 4.30	11,070	11,070	–
2012 Series F	2013-2042	0.25 - 3.40	125,710	134,355	3,615
2012 Series G	2013-2055	0.25 - 4.00	61,300	71,674	610

Housing Mortgage Finance Program Bonds (continued)

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2015	Outstanding Amount December 31 2014	Amount Due Within 1 Year
2013 Series A	2013-2041	Index	$ 294,650	$ 300,205	$ 5,790
2013 Series B	2014-2034	0.45 - 4.00/Variable	179,490	223,445	35,355
2013 Series C	2014-2046	Index	39,505	39,795	310
2014 Series A	2014-2044	0.15-4.00	84,480	99,515	2,565
2014 Series B	2016-2044	0.50-4.15/Index	59,095	62,005	230
2014 Series C	2015-2044	0.21-4.00/Variable	136,010	141,230	4,090
2014 Series D	2015-2044	0.20-4.00/Variable	172,140	179,665	4,540
2014 Series E	2015-2032	Index	14,662	15,000	370
2014 Series F	2015-2054	0.40-4.278/Index	82,380	82,525	285
2015 Series A	2015-2045	0.15-3.85	148,465	–	3,045
2015 Series B	2025-2030	Index	35,000	–	–
2015 Series C	2016-2045	0.35-3.90/Variable	160,800	–	3,475
2015 Series D	2019-2045	Index	75,000	–	–
2015 Series E	2016-2055	0.45-4.00/Index	60,335	–	25
			3,383,512	3,208,364	283,720
Plus unamortized bond premium			17,863	14,582	
Total Housing Mortgage Finance Bonds			**3,401,375**	**3,222,946**	

Special Needs Housing Mortgage Finance Program Special Obligation Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2015	Outstanding Amount December 31 2014	Amount Due Within 1 Year
Series SNH-1	2013-2032	5.00	$ 6,770	$ 7,020	$ 260
Series SNH-2	2013-2042	5.10 - 5.25	11,670	11,865	210
Series SNH-4	2006-2035	3.00 - 4.70	3,725	3,840	120
Series SNH-5	2006-2045	3.00 - 4.80	3,865	3,925	60
Series SNH-6	2006-2045	3.00 - 4.90	1,575	1,600	25
Series SNH-8	2008-2037	4.00 - 4.875	6,900	7,080	190
Series 13	2012-2040	2.00 - 5.00	11,535	11,810	275
Series 16	2011-2030	1.00 - 5.00	12,040	12,840	815
			58,080	59,980	1,955
Plus unamortized bond premium			497	559	
Total Special Needs Housing Mortgage Finance Program Special Obligation Bonds			**58,577**	**60,539**	

Single Family Special Obligation Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2015	Outstanding Amount December 31 2014	Amount Due Within 1 Year
Series 2009-1	2019-2035	3.01	$ 45,100	$ 46,350	$ –
Series 2009-2	2035-2041	3.01	50,250	51,660	–
Series 2009-3	2019-2038	2.32	67,930	70,660	–
Series 2009-4	2038-2041	2.32	13,490	14,030	–
Series 2010-1	2011-2030	0.40 - 4.25	53,250	56,470	3,210
Series 2011-1	2012-2017	0.25 - 2.375	4,855	8,645	3,960
Series 2011-2	2017-2026	2.375 - 4.50	35,550	37,390	–
Series 2011-3	2012-2031	4.50	22,965	29,385	1,145
			293,390	314,590	8,315
Plus unamortized bond premium			1,745	2,316	
Total Single Family Special Obligation Bonds			**295,135**	**316,906**	

Multifamily Special Obligation Bonds

	Maturity Dates	Interest Rate Range %		Outstanding Amount December 31 2015		2014		Amount Due Within 1 Year
Series 2009-1	2012-2051	2.32	$	25,910	$	26,320	$	430
Total Multifamily Special Obligation Bonds				**25,910**		**26,320**		**430**

Housing Mortgage Finance Program Bonds (Single Family) Other Bonds

	Maturity Dates	Interest Rate Range %		Outstanding Amount December 31 2015		2014		Amount Due Within 1 Year
2010 Series A	2042-2045	5.00	$	7,715	$	7,344	$	–
2011 Series A	2042-2046	4.625		8,435		8,058		–
Total Housing Mortgage Finance Program Bonds (Single Family) Other Bonds				**16,150**		**15,402**		–

Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds

	Maturity Dates	Interest Rate Range %		Outstanding Amount December 31 2015		2014		Amount Due Within 1 Year
2011 Series A	2052-2055	4.75	$	843	$	804	$	–
2013 Series A	2013-2053	5.50/Variable		25,757		25,958		213
Total Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds				**26,600**		**26,762**		**213**

Qualified Energy Conservation Bonds

	Maturity Dates	Interest Rate Range %		Outstanding Amount December 31 2015		2014		Amount Due Within 1 Year
2015 Series A (1,2)	2016-2034	4.35	$	5,280	$	–	$	45
Total Qualified Energy Conservation Bonds				**5,280**		**–**		**45**
Total Bonds Payable, net			**$**	**3,829,027**	**$**	**3,668,875**	**$**	**294,678**

The amounts due within one year in the above table include the total outstanding balance of variable rate demand bond obligations where the standby bond purchase agreements expire within 1 year of the balance sheet date, although the actual maturities extend well beyond. The value of these obligations as of December 31, 2015 is $176,365,000. It is the intention of the Authority to renew these agreements prior to expiration.

The Authority has also issued conduit debt obligations. One Multifamily Housing Revenue Note was issued in 2015 in the amount of $16,350,000, the outstanding principal balance as of December 31, 2015 of which was $2,467,000. The remaining principal balance is required to be drawn down by no later than December 31, 2018. The current principal balances of the remaining conduit debt obligations as of December 31, 2015 include one series totaling $11,156,000 of Multifamily Housing Revenue Bonds, one series totaling $18,940,000 of Special Needs Housing Mortgage Finance Program Special Obligation Bonds, two series totaling $25,000,000 of Variable Rate Demand Housing Revenue Bonds and four series totaling $87,065,000 of State-Supported Special Obligation Bonds were outstanding. As of December 31, 2014, one series totaling $11,502,000 of Multifamily Housing Revenue Bonds, one series totaling $20,080,000 of Special Needs Housing Mortgage Finance Program Special Obligation Bonds, two series totaling $25,770,000 of Variable Rate Demand Housing Revenue Bonds and four series totaling $91,300,000 of State-Supported Special Obligation Bonds were outstanding. The issuance of these obligations does not create or imply any indebtedness on the part of the Authority. Each issue requires that the funds related to such issue be held by a trustee for the bondholders; therefore, such funds are not under the control of the Authority, and, accordingly, the Authority's financial statements do not reflect the balances or operating results of the various trust accounts.

The following tables provide a summary of debt service requirements and net swap payments for the next five years and in five-year increments thereafter (in 000's). The interest calculations are based on the variable rates in effect on December 31, 2015 and may not be indicative of the actual interest expense that will be incurred.

	Bond Resolution							
	Fixed		Variable Including Swapped			Total Bond Resolution		
Year Ending December 31,	Principal	Interest	Principal	Interest	Interest Rate Swaps, Net	Principal	Interest	Total
2016	$ 91,980	$ 70,053	$ 15,375	$ 6,018	$ 29,546	$ 107,355	$ 105,617	$ 212,972
2017	83,490	68,642	26,291	6,087	26,952	109,781	101,681	211,462
2018	80,950	66,078	34,101	5,931	24,696	115,051	96,705	211,756
2019	87,525	64,029	30,434	5,755	23,056	117,959	92,840	210,799
2020	84,310	61,849	37,036	5,614	22,080	121,346	89,543	210,889
2021-2025	420,665	269,985	229,513	24,899	92,254	650,178	387,138	1,037,316
2026-2030	378,545	197,995	331,203	17,647	54,332	709,748	269,974	979,722
2031-2035	321,325	129,752	311,949	10,222	20,047	633,274	160,021	793,295
2036-2040	245,690	67,656	290,850	4,777	5,332	536,540	77,765	614,305
2041-2045	150,445	24,981	61,420	1,654	1,618	211,865	28,253	240,118
2046-2050	28,585	8,699	16,685	177	–	45,270	8,876	54,146
2051-2055	25,145	2,303	–	–	–	25,145	2,303	27,448
Total	$ 1,998,655	$ 1,032,022	$ 1,384,857	$ 88,781	$ 299,913	$ 3,383,512	$ 1,420,716	$ 4,804,228

	Special Needs Indenture		SFSOB Resolution		MFSOB Resolution	
	Fixed		Fixed		Fixed	
Year Ending December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 1,955	$ 2,619	$ 8,315	$ 8,968	$ 430	$ 599
2017	2,040	2,544	8,675	8,758	450	589
2018	2,120	2,469	9,060	8,515	460	578
2019	2,195	2,391	9,825	8,241	480	568
2020	2,275	2,305	9,515	7,927	480	557
2021-2025	12,910	9,913	49,395	34,116	2,720	2,603
2026-2030	13,355	6,748	64,730	24,419	3,210	2,262
2031-2035	10,155	3,951	61,245	14,462	3,810	1,859
2036-2040	8,045	1,746	65,880	6,073	4,510	1,382
2041-2045	3,030	271	6,750	113	5,390	814
2046-2050	–	–	–	–	3,900	180
2051-2055	–	–	–	–	70	1
Total	$ 58,080	$ 34,957	$ 293,390	$ 121,592	$ 25,910	$ 11,992

	Other Bond Resolutions Fixed		QECB Resolution Fixed		
Year Ending December 31,	Principal	Interest	Principal	Interest	Total
2016	$ 213	$ 1,397	$ 45	$ 325	$ 237,838
2017	225	1,385	172	226	236,526
2018	237	1,373	184	218	236,970
2019	251	1,359	195	210	236,514
2020	265	1,345	208	202	235,968
2021-2025	1,567	6,484	1,237	859	1,159,120
2026-2030	2,061	5,989	1,619	553	1,104,668
2031-2035	2,712	5,339	1,620	163	898,611
2036-2040	3,568	4,482	–	–	709,991
2041-2045	19,565	44,622	–	–	320,673
2046-2050	7,457	6,886	–	–	72,569
2051-2055	4,629	4,500	–	–	36,648
Total	$ 42,750	$ 85,161	$ 5,280	$ 2,756	$ 5,486,096

Objective of the Interest Rate Swaps

The Authority employs swaps to establish synthetic fixed rates for a portion of its variable rate bond obligations. The Authority's interest rate swap transactions are structured for the Authority to pay a fixed interest rate while receiving variable interest rates from the counterparties which are comparable to the rates required by the variable rate bonds. These synthetic fixed rates were lower than those available to the Authority from fixed rate obligations of comparable maturity. The proceeds of these transactions are generally used to make fixed rate mortgage loans. As the objective of the derivative instruments entered into was to hedge changes in cash flows for each bond series, they are classified as cash flow hedges.

Terms

The Authority has entered into amortizing interest rate swap agreements under the Bond Resolution in which the Authority owes a fixed payment to the counterparties of the swaps. In return, the counterparties owe the Authority a payment based on common indices such as The Securities Industry and Financial Markets Association Municipal Swap Index ("SIFMA") or the London Interbank Offered Rate ("LIBOR") that is comparable to the rates required by the Authority's bonds. Only the net difference in interest payments is actually exchanged between the Authority and the counterparties. The Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are projected to follow scheduled or anticipated reductions in bonds payable. The Authority did not pay or receive any cash when the swap transactions were initiated.

The terms, fair values and credit ratings of outstanding swaps as of December 31, 2015 were as follows (in 000's):

Associated Bond Issue	Effective Date	Notional Amount	Fixed Rate Paid	Variable Rate Received	Fair Value	Termination Date	Counterparty Credit Rating *	Counterparty % of Total Outstanding
2001 Series D-3	12/20/01	$40,000	4.090%	67% 1M LIBOR	$(11,763)	5/15/33		
2001 Series D-5	12/20/01	20,770	5.360%	167% 3M LIBOR-SIFMA	(4,563)	11/15/27		
2014 Series C	9/13/05	13,915	3.546%	67% 3M LIBOR	(1,525)	11/15/34		
Total Bank of New York Mellon		**74,685**			**(17,851)**		**AA-/Aa2/AA**	**9.00%**
2011 Series C-1 & 2011 Series C-2	6/5/02	20,000	4.352%	67% 1M LIBOR	(5,612)	5/15/33		
2013 Series A	6/5/02	25,000	5.740%	167% 1M LIBOR-SIFMA	(11,158)	5/15/33		
Total Citibank, NA		**45,000**			**(16,770)**		**A/A1/A+**	**5.42%**
2008 Series E	8/15/08	27,550	3.845%	67% 3M LIBOR	(8,308)	11/15/33		
2008 Series E & 2009 Series A	2/18/09	78,065	3.430%	67% 3M LIBOR	(16,316)	11/15/38		
2009 Series A	8/15/08	8,925	3.855%	67% 3M LIBOR	(2,704)	11/15/33		
2009 Series A	8/15/08	9,855	3.849%	67% 3M LIBOR	(3,501)	11/15/38		
2009 Series A	8/15/08	25,000	3.852%	67% 3M LIBOR	(4,542)	11/15/28		
2014 Series D-3	2/18/09	21,935	3.433%	67% 3M LIBOR	(5,153)	11/15/34		
FMS Wertmanagement		**171,330**			**(40,524)**		**AAA/Aaa/AAA**	**20.64%**
1999 Series A-3	4/7/98	28,000	6.246%	100% 3M LIBOR-5bp	(2,869)	11/15/18		
2011 Series C-1 & 2011 Series C-2	3/7/01	18,010	4.120%	67% 1M LIBOR	(3,809)	5/15/32		
2011 Series C-2 & 2011 Series E-3	8/1/02	44,710	3.981%	67% 1M LIBOR	(11,076)	5/15/33		
2013 Series A	3/7/01	25,000	5.475%	167% 1M LIBOR-SIFMA	(8,715)	5/15/32		
2013 Series A	11/15/02	25,255	4.230%	67% 1M LIBOR	(1,580)	11/15/17		
2013 Series C	2/26/14	39,505	2.776%	100% 1M LIBOR	(2,631)	5/15/2024		
Total Goldman Sachs Mitsui Marine		**180,480**			**(30,680)**		**AAA/Aa2/--**	**21.74%**

Associated Bond Issue	Effective Date	Notional Amount	Fixed Rate Paid	Variable Rate Received	Fair Value	Termination Date	Counterparty Credit Rating *	Counterparty % of Total Outstanding
2013 Series A	11/15/95	$13,465	6.090%	67% 3M LIBOR	$(1,108)	5/15/18		
Total JP Morgan Chase Bank, NA		**13,465**			**(1,108)**		**A+/Aa3/AA-**	**1.62%**
1998 Series D-4	7/1/98	25,000	6.320%	100% 3M LIBOR	(7,754)	11/15/25		
2010 Series A-5	7/1/98	11,300	4.870%	100% 1W SIFMA	(2,751)	11/15/28		
2011 Series C-1 & 2011 Series C-2	7/11/01	17,000	4.310%	67% 1M LIBOR	(5,247)	5/15/32		
2013 Series A	7/11/01	20,770	5.820%	167% 1M LIBOR-SIFMA	(5,501)	11/15/27		
Total Merrill Lynch Capital Services		**74,070**			**(21,253)**		**NR/Baa1/A**	**8.92%**
2013 Series A	9/9/1998	22,400	6.0525%	100% 3M LIBOR	(943)	11/15/16		
2009 Series A & 2013 Series A	8/8/2006	25,000	3.777%	67% 3M LIBOR	(1,161)	5/15/17		
Total Natixis Financial Products		**47,400**			**(2,104)**		**A/WR/--**	**5.71%**
2008 Series E & 2009 Series A	6/15/2015	40,000	2.0515%	67% 3M LIBOR	(1,364)	11/15/35		
2013 Series A	11/16/2015	40,000	2.1325%	67% 3M LIBOR	(483)	11/15/45		
2015 Series C	8/6/2015	45,000	2.3625%	70% 1M LIBOR	(2,143)	11/15/45		
Total Royal Bank of Canada		**125,000**			**(3,990)**		**AA-/Aa3/AA**	**15.06%**
2011 Series E-3 & 2011 Series E-4	10/4/00	25,000	5.397%	100% 1W SIFMA	(8,452)	11/15/31		
2008 Series E & 2013 Series A	3/2/06	45,000	3.4175%	67% 3M LIBOR	(8,820)	5/15/36		
2009 Series A	8/15/08	18,170	4.037%	67% 3M LIBOR	(1,642)	11/15/28		
2009 Series A	8/15/08	10,500	4.047%	67% 3M LIBOR	(952)	11/15/28		
Total Wells Fargo Bank, NA		**98,670**			**(19,866)**		**AA-/Aa2/AA**	**11.89%**
Portfolio Total		**$830,100**			**$(154,146)**			**100.00%**

* S&P/Moody's/Fitch

Fair Value

The Authority's swap portfolio had an aggregate negative fair value as of December 31, 2015. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the current relevant swap curve correctly anticipates future spot interest rates. These payments are then present valued using discount factors derived from the hypothetical zero-coupon spot rates implied by the current swap curve with terms that correspond to the date of each future net settlement on the swap. Swaps containing optionality are also adjusted for the time and intrinsic value, if any, of such optionality.

Credit Risk

At December 31, 2015, the Authority was not exposed to any counterparties' credit risk because the fair value of all swaps was negative. Credit exposure arises when the fair value of a swap is positive due to the obligation of the counterparty to make payment to the Authority in the event of termination.

Basis Risk

Basis risk is the risk that there may be a difference between the floating rate component of the swap, which is based on indices that consist of taxable or tax-exempt market-wide averages, and the rate on the Authority's variable rate bonds, which is based on that specific bond issue. CHFA's basis risk is within the Authority's acceptable tolerance levels.

Termination Risk

Counterparties to the Authority's interest rate swap agreements have default termination rights that may require settlement payments by the Authority or by the counterparty based on the fair value of the swap at the date of termination. As of December 31, 2015, no termination events requiring settlement payments have occurred.

Rollover Risk

The Authority's interest rate swap agreements have limited rollover risk because the swap agreements contain scheduled reductions to outstanding notional amounts which are expected to follow scheduled and anticipated reductions in the associated bonds payable. As of January 1, 2015, seven of the Authority's outstanding interest rate swap agreements provided the Authority with full or partial termination rights requiring no settlement payments to accommodate unexpected faster paydowns of the associated bonds as a result of higher repayment of home mortgage loans. Termination rights requiring no settlement payments were exercised on 4 swaps during 2015, 3 new swap agreements were established during 2015 with par termination rights resulting in six interest rate swap agreements with these par termination rights remaining in the Authority's interest rate swap portfolio as of December 31, 2015.

Contingencies

Fifteen of the Authority's thirty-one interest rate swap agreements (Outstanding Notional Amount $406,265,000, Fair Value ($61,226,128)) at December 31, 2015, require the Authority to post collateral in the event that the fair value of the interest rate swap falls below specific declining thresholds based on declines in the Authority's credit rating. As of December 31, 2015, the Authority was not required to post collateral for any of its outstanding swaps.

Refunding Bonds

The Authority has issued the following fixed rate refunding bonds under the Bond Resolution in 2015 and 2014:

Refunded Issue(s)	Refunding Issue	Cash flow Savings (Loss) Over Life of Refunding Issue	Economic Gain (Loss) Over Life of Refunding Issue
2015			
2003 Series G Subseries G-4	2015 Series C Subseries C-2	$ 8,641,567	$ 6,098,599
2006 Series G Subseries G-4	2015 Series E Subseries E-2	1,904,244	1,639,498
2014			
2005 Series A Subseries A-2 2005 Series B Subseries B-1 2005 Series D Subseries D-2	2014 Series D Subseries D-2	42,702,532	19,124,532
2005 Series C Subseries C-1 2005 Series C Subseries C-2	2014 Series F Subseries F-2	(46,114)	1,900,431

As of December 31, 2015, the 2015 Subseries E-2 bond proceeds in the amount of $10,295,000, designated for the 2006 Subseries G-4 refunding, remained in the Authority's escrow cash pending the scheduled refunding on January 21, 2016. As a result, the escrowed cash and associated bond liability remain on the Authority's financial statements as of December 31, 2015.

Note 8—Changes in Long-Term Liabilities

The changes in long-term liabilities for the years ended December 31, 2015 and 2014 were as follows (in 000's):

	Balance, January 1, 2015	Increases	Decreases	Balance, December 31, 2015
Bonds payable, net	$ 3,339,581	$ 485,861	$ (291,093)	$ 3,534,349
Derivative instruments - interest rate swaps	163,955	–	(9,808)	154,147
Long-term escrow deposits	133,483	16,536	(22,175)	127,844
Net pension liability	55,368	15,736	(5,450)	65,654
	$ 3,692,387	$ 518,133	$ (328,526)	$ 3,881,994

	Balance, January 1, 2014	Increases	Decreases	Balance, December 31, 2014*
Bonds payable, net	$ 3,196,995	$ 581,364	$ (438,778)	$ 3,339,581
Derivative instruments - interest rate swaps	132,165	31,790	–	163,955
Long-term escrow deposits	133,203	31,517	(31,237)	133,483
Net pension liability	57,342	4,391	(6,365)	55,368
	$ 3,519,705	$ 649,062	$ (476,380)	$ 3,692,387

* Restated for GASB No. 68 and No. 71 implementation (see Note 2).

Note 9—Other Liabilities

On certain bond issues, the Authority's earnings from the investment of bond proceeds are limited per Federal Income Tax rules. Yields in excess of Federal Limits are payable to the U.S. Treasury and are recorded as a liability. As of December 31, 2015 and 2014, the Authority had no such liability.

Note 10—Net Position

Net position consisted of the following (in 000's):

	December 31, 2015	December 31, 2014*
General and Capital Reserve Funds:		
Net investment in capital assets	$ 3,599	$ 3,260
General and Capital Reserve Funds	862,878	888,605
Other Funds:		
Housing Mortgage Insurance Fund	4,468	4,440
Single Family Special Obligation Bond and Other Bond Funds	2,114	1,371
Multifamily Special Obligation Bond and Other Bond Funds	1,341	987
Special Needs Housing Funds	14,376	12,393
Qualified Energy Conservation Bonds	(58)	−
Component Units:		
CHFA – Small Properties, Inc.	336	150
Trumbull Centre – CHFA, Inc.	-	(1,729)
	$ 889,054	$ 909,477

* Restated for GASB No. 68 and No. 71 implementation (see Note 2).

Note 11—Pension Plan

Plan Description

Eligible employees of the Authority participate in the Connecticut State Employees' Retirement System ("SERS") which is administered by the State Employees' Retirement Commission. SERS is a cost-sharing multiple-employer defined benefit public employee retirement system ("PERS") established in 1939 and governed by Sections 5-152 to 5-192 of the Connecticut General Statutes. Detailed information about the total Plan's funding status and progress, contributions required and fiduciary net position can be found in the Connecticut State Employees' Retirement System GASB Statement 68 Report available at www.osc.ct.gov/rbsd/reports/ct.

Benefits Provided

SERS provides retirement, disability, and health benefits, and annual cost-of-living allowances to plan members and their beneficiaries. Employees are covered under one of four tiers. Members who joined the retirement system prior to July 1, 1984 are generally enrolled in Tier I. Members who joined the retirement system after July 1, 1984 are enrolled in Tier II. Employees first hired on or after July 1, 1997 are members of Tier IIA. Employees rehired on or after July 1, 1997 are also members of Tier IIA unless the application of SERS Service bridging provisions mandates their placement in either Tier I or Tier II. Tier III plan was established for employees hired on or after July 1, 2011. Tier I employees who retire at or after age 65 with 10 years of credited service or at or after age 55 with 25 years of service are eligible for an annual retirement benefit payable monthly for life, in an amount of 2% of the annual average earnings (which are based on the three highest years of service). In most cases this is reduced to 1% for the first $4,800 of salary upon receipt of social security benefits. Employees at age 55 with 10 years but less than 25 years of service, or at age 70 with 5 years of service, are entitled to a reduced benefit. Tier II and Tier IIA employees who retire at or after age 63 with 25 years of service, or at age 65 with 10 years of service, or at age 70 with 5 years of service or at age 55 with 10 years of service with reduced benefits are entitled an annual retirement benefit payable monthly for life, in an amount of one and one third percent of the average annual earnings plus one-half of one percent of the average annual earnings in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at one and five-eighths percent. The 2011 State Employees Bargaining Agent Coalition Agreement (Agreement) provides current Tier II and Tier IIA members who remain employed after July 1, 2022, the opportunity for a one-time irrevocable election to retain the normal retirement eligibility in place prior to the Agreement. The election would require an additional employee contribution based on their original eligible retirement date. Under the prior agreement, normal retirement eligibility was age 60 and 25 years of service or age 62 and 10 years of service. All Tier I members are vested after 10 years of service. Effective July 1, 1997, all Tier II and Tier IIA members are vested after 5 years of service. The Tier III plan has a 10-year vesting provision. Full retirement benefits are attained at age 63 with 25 years of service, or at age 65 with 10 years of service and are payable monthly for life in an amount equal to one and one third percent of the average annual earnings plus one-half of one percent of the average annual earnings in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at one and five-eighths percent. The minimum retirement age is 58 with a discounted benefit. All plans provide for death and disability benefits.

Contributions

The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. Tier I Plan B regular and Hazardous Duty members are required to contribute 2 percent and 4 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier II Plan regular members have no contribution requirement, Tier II Plan Hazardous Duty members are required to contribute 4 percent of their annual salary; Tier IIA and Tier III Plans regular and Hazardous Duty members are required to contribute 2 percent and 5 percent of their annual salary, respectively. Individuals hired on or after July 1, 2011 otherwise eligible for the Alternative Retirement Plan (ARP) are eligible to become members of the Hybrid Plan in addition to their other existing choices. The Hybrid Plan has defined benefits identical to Tier II/IIA and Tier III for individuals hired on or after July 1, 2011, but requires employee contributions 3 percent higher than the contribution required from the applicable Tier II/IIA/III plan. The State is required to contribute at an actuarially determined rate.

The Authority’s contractually required contribution rates for the years ended December 31, 2015 and 2014 were 43.94% and 37.82%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $5,449,857 and $4,387,091 for the years ended December 31, 2015 and 2014, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of December 31, 2015, the Authority reported a liability of $65,653,502 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the plan relative to the projected contributions of all participating governmental units. The Authority’s proportion was .39732% as of June 30, 2015.

For the year ended December 31, 2015, the Authority recognized pension expense of $6,685,359. The amounts recognized as deferred outflows of resources represent the net difference between projected and actual investment earnings on pension plan investments, deferred employer pension contributions (contributions made after the 6/30/15 measurement date), and changes in proportion between employer contributions and proportionate share of employer contributions. The deferred outflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending Dec 31	
2016	$ 4,109,021
2017	1,353,618
2018	1,353,610
2019	1,921,722
2020	1,089,931
	$ 9,827,902

Actuarial Assumptions

The total pension liability was determined based on the annual actuarial valuation report prepared as of June 30, 2014 and rolled forward to the measurement date of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75%
Salary increases	4.00% - 20% including inflation
Cost of living	2.30% - 3.60%
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for Annuitants and Non-Annuitants projected with scale AA, 15 years for men (set back 2 years) and 25 years for women (set-back 1 year) for the period after service retirement and for dependent beneficiaries. For the period after disability retirement, 55% (men) and 80% (women) of the RP-2000 Disability Mortality Table is used.

The actuarial assumptions used to determine the total pension liability and the amount allocated to the Authority, were based on the results of an actuarial experience study for the period from July 1, 2007 through June 30, 2011.

The long-term expected rate return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of return**
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0	6.6
Emerging Market (Non-U.S.)	9.0	8.3
Real Estate	7.0	5.1
Private Equity	11.0	7.6
Alternative Investments	8.0	4.1
Fixed Income (Core)	8.0	1.3
High Yield Bonds	5.0	3.9
Emerging Market Bonds	4.0	3.7
TIPS	5.0	1.0
Cash	4.0	.4

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2015 was 8%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rates and that contributions from the participating governmental units will be made equal to the difference between the projected actuarially determined contribution and actual member contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term projected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total plan liability.

Sensitivity of the Authority's Proportionate share of the net pension Liability to changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as the what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (7%) or higher (9%) than the current rate.

	1% Decrease (7%)	Discount Rate (8%)	1% Increase (9%)
Authority's proportionate share of net pension liability	$ 78,096,730	$ 65,653,502	$ 55,170,254

Fiduciary plan net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report of the State of Connecticut.

Note 12—Commitments and Contingencies

The Authority is a party to financial instruments with risk in connection with its commitments to provide financing that is not included on the statement of net position. These expose the Authority to credit risk in excess of the amount recognized on the statement of net position. The Authority's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of those instruments. The Authority uses the same credit policies in making commitments and conditional obligations as it does for instruments that are included on the statement of net position. Total credit exposure is summarized below (in 000's):

	December 31,	
Mortgage Loan Commitments:	**2015**	**2014**
Home Mortgage Program Purchases	$ 72,544	$ 54,540
Multifamily Developments	137,984	101,827
Reverse Annuity Mortgages	250	371
Emergency Mortgage Assistance (EMAP)	19,063	21,639
	$ 229,841	$ 178,377

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Authority evaluates each borrower's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Authority upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held is primarily residential property. Interest rates on approved mortgage loan commitments are a combination of fixed and variable. Interest rates on unadvanced portions of construction loans are a combination of fixed and variable; such loans generally mature within eighteen months.

CHFA is involved in certain litigation and disputes incidental to its operations. Because it is generally difficult to predict the outcome of lawsuits, CHFA cannot give any assurance as to the outcome of such litigation. Based on the information it presently possesses, however, it is management's judgment that such litigation will not have a material adverse impact upon the financial condition of the Authority.

The Authority offers mortgage insurance through the CHFA Insurance Fund. CHFA mortgage insurance is permitted on a case-by-case basis when FHA insurance and VA guarantees are not available and PMI insurance is either not available for the home or has been declined for a reason that would not prevent CHFA from issuing an insurance commitment. The CHFA Insurance Fund receives annual premiums from participating borrowers. The accumulation of these premiums is used to fund any claims. Premiums are collected until the LTV reaches certain thresholds at which such time the insurance coverage is terminated. As of December 31, 2015 and December 31, 2014, the Authority had $26,420,000 and $28,844,000, respectively, of outstanding home mortgage loans that are insured under this program. For the year ended December 31, 2015 and December 31, 2014, the claims paid from the CHFA Insurance Fund were $78,000 and $3,000 respectively.

The Authority sold its in-house serviced portfolio to Webster Bank in November 1996. A portion of that portfolio consisted of loans the Authority serviced for FNMA. Pursuant to FNMA rules, the Authority remains liable to FNMA with respect to the mortgage servicing.

Note 13—State and Federal Programs

Pursuant to Public Act No. 05-228 (CIA), the Authority was receiving a 25% distribution of funds held in the State of Connecticut's land protection, affordable housing and historic preservation account for the purpose of supplementing new or existing affordable housing programs. Effective May 28, 2014 and pursuant to Public Act No. 14-45 passed on said date, distribution of these funds was redirected to the State of Connecticut's Department of Housing.

The rights of certain property owners are protected in Connecticut foreclosure actions by § 8-265cc through 8-265kk of the Connecticut General Statutes known as the Emergency Mortgage Assistance Payment ("EMAP") Program. These provisions allow homeowners the opportunity to avoid foreclosure by enabling them to obtain financial assistance from the State, acting through the Authority. A qualified homeowner may obtain funds under this program to bring a delinquent mortgage current, and may also obtain assistance with subsequent mortgage payments to a maximum period of 60 months. During 2015 and 2014, the Authority received $0 and $8,000,000, respectively, from the State of Connecticut to be used in support of the EMAP program pursuant to a memorandum of understanding between the Authority and the State of Connecticut, Office of Policy and Management. Unspent funds are held by the Authority in escrow until expended on the program. Only when funds are spent are they recognized as program revenue. During 2011, the Authority issued $20,000,000 in conduit debt under its Special Needs Indenture in support of the EMAP Program. Debt service on these bonds is paid by the State of Connecticut.

In 2015 and 2014, the Authority received $89,000 and $150,000 respectively, in grant funds from the Neighborhood Reinvestment Corporation (dba Neighborworks America), a non-profit, public corporation chartered by the Congress of the United States for the National Foreclosure Mitigation Counseling ("NFMC") Program. These funds were made available through the 2008 Consolidated Appropriations Act and the 2008 Housing and Economic Recovery Act. In 2015 and 2014, the Authority received $0 and $7,000 respectively, in grant funds from Neighborworks America for the Making Home Affordable Outreach and Intake ("MHA") Program. These funds were made available through the 2008 Emergency Economic Stabilization Act. Funds received from both programs are subject to the terms and conditions of the grant agreements entered into between Neighborworks America and the Authority.

In 2015, the Authority received $147,000 in Comprehensive Counseling ("CC") grant funds from the Department of Housing and Urban Development; the purpose being to provide counseling and advice to tenants and homeowners to assist them in improving their housing conditions and fulfilling the responsibilities of tenancy or homeownership. The funds were made available through Section 106 of the Housing and Urban Development Act of 1968 and Section 4 of the Department of Housing and Urban Development Act as amended by Title XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the use of which is subject to the terms and conditions of the grant agreement.

Activity under these programs for the years ended December 31, 2015 and 2014 is summarized below (in 000's):

	2015 Program Funding	2015 Program Expenses	Net
PA 05-228	$ –	$ 3,486	$ (3,486)
EMAP	10,003	10,003	–
NFMC	89	89	–
MHA	–	1	(1)
CC	147	147	–
	$ 10,239	$ 13,726	$ (3,487)

	2014 Program Funding	2014 Program Expenses	Net
PA 05-228	$ 1,490	$ 2,417	$ (927)
EMAP	7,367	7,367	–
NFMC	150	163	(13)
MHA	7	7	–
	$ 9,014	$ 9,954	$ (940)

Note 14—Risk Management

The Authority is subject to normal risks associated with its operations including property damage, personal injury and employee dishonesty. All risks are managed through the purchase of commercial insurance. There were no claims made in 2015. There was one 2014 claim (settlement payment made in 2015), which did not exceed coverage limits.

Note 15—Subsequent Events

On January 21, 2016, March 4, 2016, March 15, 2016 and April 7, 2016, the Authority redeemed $10,295,000, $12,235,000, $4,810,000 and $85,000,000, respectively, of various Series of outstanding bonds held under the Bond Resolution.

On March 3, 2016, the Authority issued Series 2016 Series A Bonds in the amount of $185,000,000 under the Bond Resolution. $60 million of the bond proceeds were used to refund a portion of the Authority's outstanding bonds. The remaining $125 million were used for single family loans and mortgage backed security purchases. On the same date, to secure the liquidity and potential remarketing needs for the 2016 Subseries A-3 variable rate bonds with a principal balance of $40 million, CHFA entered into a Stand-By Bond Purchase Agreement and Remarketing Agreement with Royal Bank of Canada.

On March 30, 2016, SB 474 was enacted and provided the Secretary of the Office of Policy and Management, the authority to transfer up to $15 million from the Authority's Investment Trust Account to the State's General Fund on or before the State's fiscal year ending June 30, 2016.

Required Supplementary Information

CONNECTICUT HOUSING FINANCE AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
CONNECTICUT STATE EMPLOYEES RETIREMENT SYSTEM (SERS)

	2015	2014
Proportion of the net pension liability	0.39732%	0.34574%
Proportionate share of the net pension liability	$ 65,653,502	$ 55,368,069
Covered employee payroll	$ 12,402,952	$ 11,599,923
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	529.34%	477.31%
Plan fiduciary net position as of percentage of total pension liability	39.23%	39.54%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CONNECTICUT HOUSING FINANCE AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CONNECTICUT STATE EMPLOYEES RETIREMENT SYSTEM (SERS)
LAST 10 YEARS

	2015	2014
Contractually required contribution	$ 5,449,857	$ 4,387,091
Amount contributed in relation to contractually required contribution	5,449,857	4,387,091
Contribution deficiency	–	–
Covered employee payroll	$ 12,402,952	$ 11,599,923
Contributions as a percentage of covered employee payroll	43.94%	37.82%

This schedule is intended to show information for 10 years. Additional years will be displayed as they beome available.

Notes to Schedule

Changes in benefit terms:

For the June 30, 2014 valuation, there were two changes in benefit terms:

a. The 2011 SEBAC Agreement changed the benefit multiplier for the portion of benefit below the breakpoint from 1.33% to 1.40%. This change was made effective for all active members who retire on or after July 1, 2013 in Tier II, IIA and III.

b. A one-time decision was granted to members not eligible to retire by July 1, 2022 to elect to maintain the same normal retirement eligibility applicable to members eligible to retire before July 1, 2022. Employees who elected by July 1, 2013 to maintain the eligibility are required to make additional employee contributions for the length of their remaining active service with SERS. The additional contribution was up to 0.72% of pensionable earnings.

Changes in assumptions:

None.

Supplementary Information

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2015
(in 000's)

		Other Funds					Component Units		
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Bond Funds	Multifamily Special Obligation Bond and Other Bond Funds	Special Needs Housing Funds	Qualified Energy Conservation Bond Fund	Multifamily Real Estate Owned	Eliminations	Combined Total
Assets									
Restricted current assets									
Cash and cash equivalents	$ 1,522	$	$ –	$ –	$ 61	$	$ –	$ –	$ 1,583
Mortgage loans receivable	88,955	–	8,895	537	1,350	164	–	–	99,901
Investments in securities	375,075	4,544	19,731	5,337	55,680	4,042	135	–	464,544
Real estate owned – multifamily	–	–	–	–	–		2,300	–	2,300
Accrued interest receivable on:									
Mortgage loans	20,369	–	1,575	205	340	4	–	–	22,493
Securities	2,423	1	4	1	23		–		2,452
Due from other funds/component units	5,046	–	–	–	–	–	–	(5,046)	–
Accounts receivable and other assets	35,090	–	835	–	707		294	–	36,926
Total current assets	528,480	4,545	31,040	6,080	58,161	4,210	2,729	(5,046)	630,199
Restricted noncurrent assets									
Mortgage loans receivable, net	3,039,144	–	269,377	51,113	53,462	7,600	–	–	3,420,696
Investments in securities, net	878,450	–	11,022	–	2,077	–	–	–	891,549
Capital assets, net	3,599	–	–	–	–		–	–	3,599
Real estate owned – single family	33,377	–	2,887	–	–		–	–	36,264
Total noncurrent assets	3,954,570	–	283,286	51,113	55,539	7,600	–	–	4,352,108
Total assets	4,483,050	4,545	314,326	57,193	113,700	11,810	2,729	(5,046)	4,982,307
Deferred outflows of resources									
Unamortized deferred bond refunding costs	64,404	–	–	–	61		–	–	64,465
Deferred amounts for pensions	9,828	–	–	–	–		–	–	9,828
Accumulated decrease in fair value of hedging derivatives	74,671	–	–	–	–		–	–	74,671
Total deferred outflows of resources	148,903	–	–	–	61		–	–	148,964
Liabilities									
Current liabilities									
Escrow deposits and unearned revenue	26,167	–	(19)	715	13,731	4,042	–	–	44,636
Due to other funds/component units	–	77	65	120		2,484	2,300	(5,046)	–
Accrued interest payable	13,298	–	752	50	118	62	–	–	14,280
Accounts payable and accrued liabilities	5,696	–	129	1	710		93	–	6,629
Bonds payable	283,720	–	8,315	643	1,955	45	–	–	294,678
Total current liabilities	328,881	77	9,242	1,529	16,514	6,633	2,393	(5,046)	360,223
Noncurrent liabilities									
Escrow deposits and unearned revenue, net	99,139	–	–	2,456	26,249		–	–	127,844
Bonds payable, net	3,117,655	–	302,970	51,867	56,622	5,235	–	–	3,534,349
Derivative instruments - interest rate swaps	154,147	–	–	–	–		–	–	154,147
Net pension liability	65,654	–	–	–	–		–	–	65,654
Total noncurrent liabilities	3,436,595	–	302,970	54,323	82,871	5,235	–	–	3,881,994
Total liabilities	3,765,476	77	312,212	55,852	99,385	11,868	2,393	(5,046)	4,242,217
Net position									
Net investment in capital assets	3,599	–	–	–	–		–	–	3,599
Restricted by bond indentures and/or enabling legislation	862,878	4,468	2,114	1,341	14,376	(58)	336	–	885,455
Unrestricted deficit	–	–	–	–	–		–	–	–
Total net position	$ 866,477	$ 4,468	$ 2,114	$ 1,341	$ 14,376	$ (58)	$ 336	$ –	$ 889,054

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2014
(in 000's)

		Other Funds				Component Units			
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Bond Funds	Multifamily Special Obligation Bond and Other Bond Funds	Special Needs Housing Funds	Multifamily Real Estate Owned	Other Real Estate Owned	Eliminations	Combined Total*
Assets									
Restricted current assets									
Cash and cash equivalents	$ 420	$	$ –	$ –	$ 28	$ –	$ –	$ –	$ 448
Mortgage loans receivable	85,397	–	9,408	512	1,434	–	–	–	96,751
Investments in securities	447,011	4,442	17,692	5,017	64,369	478	–	–	539,009
Real estate owned – multifamily	–	–	–	–	–	3,290	–	–	3,290
Other real estate owned	–	–	–	–	–	–	819	–	819
Accrued interest receivable on:									
Mortgage loans	22,622	–	1,687	207	294	–	–	–	24,810
Securities	1,983	1	2	1	20	–	–	–	2,007
Due from other funds/component units	6,976	–	–	–	–	–	25	(7,001)	–
Accounts receivable and other assets	30,506	–	276	–	699	710	174	–	32,365
Total current assets	594,915	4,443	29,065	5,737	66,844	4,478	1,018	(7,001)	699,499
Restricted noncurrent assets									
Mortgage loans receivable, net	3,040,948	–	290,798	51,650	54,807	–	–	–	3,438,203
Investments in securities, net	651,985	–	11,968	–	2,600	–	–	–	666,553
Capital assets, net	3,260	–	–	–	–	–	–	–	3,260
Real estate owned – single family	33,342	–	2,805	–	–	–	–	–	36,147
Total noncurrent assets	3,729,535	–	305,571	51,650	57,407	–	–	–	4,144,163
Total assets	4,324,450	4,443	334,636	57,387	124,251	4,478	1,018	(7,001)	4,843,662
Deferred outflows of resources									
Unamortized deferred bond refunding costs	69,832	–	–	–	71	–	–	–	69,903
Deferred amounts for pensions	2,775	–	–	–	–	–	–	–	2,775
Accumulated decrease in fair value of hedging derivatives	85,603	–	–	–	–	–	–	–	85,603
Total deferred outflows of resources	158,210	–	–	–	71	–	–	–	158,281
Liabilities									
Current liabilities									
Escrow deposits and unearned revenue	26,464	–	–	878	20,053	100	25	–	47,520
Due to other funds/component units	25	3	62	121		4,068	2,722	(7,001)	–
Accrued interest payable	14,191	–	806	51	121	–	–	–	15,169
Accounts payable and accrued liabilities	5,169	–	89		701	160	–	–	6,119
Bonds payable	318,543	–	8,240	611	1,900	–	–	–	329,294
Total current liabilities	364,392	3	9,197	1,661	22,775	4,328	2,747	(7,001)	398,102
Noncurrent liabilities									
Escrow deposits and unearned revenue, net	100,700	–	–	2,268	30,515	–	–	–	133,483
Bonds payable, net	2,904,403	–	324,068	52,471	58,639	–	–	–	3,339,581
Derivative instruments - interest rate swaps	163,955	–	–	–	–	–	–	–	163,955
Net pension liability	55,368	–	–	–	–	–	–	–	55,368
Total noncurrent liabilities	3,224,426	–	324,068	54,739	89,154	–	–	–	3,692,387
Total liabilities	3,588,818	3	333,265	56,400	111,929	4,328	2,747	(7,001)	4,090,489
Deferred inflows of resources									
Deferred amounts for pensions	1,977	–	–	–	–	–	–	–	1,977
Total deferred inflows of resources	1,977	–	–	–	–	–	–	–	1,977
Net position									
Net investment in capital assets	3,260	–	–	–	–	–	–	–	3,260
Restricted by bond indentures and/or enabling legislation	888,605	4,440	1,371	987	12,393	150	–	–	907,946
Unrestricted deficit	–	–	–	–	–	–	(1,729)	–	(1,729)
Total net position	$ 891,865	$ 4,440	$ 1,371	$ 987	$ 12,393	$ 150	$ (1,729)	$ –	$ 909,477

* Restated for GASB No. 68 and No. 71 implementation (see Note 2).

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015
(in 000's)

		Other Funds					Component Units			
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Bond Funds	Multifamily Special Obligation Bond and Other Bond Funds	Special Needs Housing Funds	Qualified Energy Conservation Bond Fund	Multifamily Real Estate Owned	Other Real Estate Owned	Eliminations	Combined Total
Operating revenues										
Interest on mortgage loans	$ 146,618	$ –	$ 11,714	$ 2,404	$ 3,962	$ 4	$ –	$ –	$ (70)	$ 164,632
Interest on investments	27,310	9	36	4	132	–	1	–	(2,198)	25,294
Fees and other income	4,991	97	–	–	–	–	378	–	–	5,466
Total operating revenues	178,919	106	11,750	2,408	4,094	4	379	–	(2,268)	195,392
Operating expenses										
Interest	113,086	–	9,627	2,054	2,633	62	18	52	(2,268)	125,264
Bond issuance costs	4,118	–	–	–	–		–	–	–	4,118
Servicer fees	9,754	–	764	–	–		–	–	–	10,518
Administrative	37,978	78	161	–	–		140	142	–	38,499
Provision for losses	15,768	–	396	–	–		–	–	–	16,164
Total operating expenses	180,704	78	10,948	2,054	2,633	62	158	194	(2,268)	194,563
Operating income (loss)	(1,785)	28	802	354	1,461	(58)	221	(194)	–	829
Nonoperating revenues (expenses)										
Net decrease in the fair value of investments	(17,555)	–	(59)	–	(88)		–	–	–	(17,702)
Gain (loss) on sale of real estate owned	–	–	–	–	–		265	(328)		(63)
State and federal program funding	236	–	–	–	10,003		–	–	–	10,239
State and federal program expenses	(3,723)	–	–	–	(10,003)		–	–	–	(13,726)
Nonoperating income (loss)	(21,042)	–	(59)	–	(88)	–	265	(328)	–	(21,252)
Income (loss) before transfers	(22,827)	28	743	354	1,373	(58)	486	(522)	–	(20,423)
Operating transfers in (out)	(2,561)	–	–	–	610	–	(300)	2,251	–	–
Change in net position	(25,388)	28	743	354	1,983	(58)	186	1,729	–	(20,423)
Net position, beginning of year	891,865	4,440	1,371	987	12,393	–	150	(1,729)	–	909,477
Net position, end of year	$ 866,477	$ 4,468	$ 2,114	$ 1,341	$ 14,376	$ (58)	$ 336	$ –	$ –	$ 889,054

EXHIBIT II

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014
(in 000's)

		Other Funds				Component Units			
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Bond Funds	Multifamily Special Obligation Bond and Other Bond Funds	Special Needs Housing Funds	Multifamily Real Estate Owned	Other Real Estate Owned	Eliminations	Combined Total*
Operating revenues									
Interest on mortgage loans	$ 150,028	$ –	$ 12,540	$ 2,443	$ 3,608	$ –	$ –	$ (285)	$ 168,334
Interest on investments	24,936	7	34	4	144	1	–	(2,172)	22,954
Fees and other income	8,266	94	–	–	38	110	8	–	8,516
Total operating revenues	183,230	101	12,574	2,447	3,790	111	8	(2,457)	199,804
Operating expenses									
Interest	113,156	–	10,108	2,073	2,694	26	259	(2,457)	125,859
Bond issuance costs	6,345	–	–	–	–	–	–	–	6,345
Servicer fees	7,579	–	818	–	–	–	–	–	8,397
Administrative	33,299	3	20	–	–	233	347	–	33,902
Provision for losses	1,352	–	481	–	–	–	–	–	1,833
Total operating expenses	161,731	3	11,427	2,073	2,694	259	606	(2,457)	176,336
Operating income (loss)	21,499	98	1,147	374	1,096	(148)	(598)	–	23,468
Nonoperating revenues (expenses)									
Net decrease in the fair value of investments	11,431	–	(104)	–	129	–	–	–	11,456
Gain on sale of real estate owned	–	–	–	–	–	–	16,218		16,218
State and federal program funding	2,244	–	–	–	6,770	–	–	–	9,014
State and federal program expenses	(3,184)	–	–	–	(6,770)	–	–	–	(9,954)
Nonoperating income (loss)	10,491	–	(104)	–	129	–	16,218	–	26,734
Income (loss) before transfers	31,990	98	1,043	374	1,225	(148)	15,620	–	50,202
Operating transfers in (out)	(14,820)	–	–	–	443	–	14,377	–	–
Change in net position	17,170	98	1,043	374	1,668	(148)	29,997	–	50,202
Net position, beginning of year	874,695	4,342	328	613	10,725	298	(31,726)	–	859,275
Net position, end of year	$ 891,865	$ 4,440	$ 1,371	$ 987	$ 12,393	$ 150	$ (1,729)	$ –	$ 909,477

* Restated for GASB No. 68 and No. 71 implementation (see Note 2).

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