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CONNECTICUT HOUSING FINANCE AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

CONNECTICUT HOUSING FINANCE AUTHORITY

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Independent Auditors' Report

To the Board of Directors
Connecticut Housing Finance Authority
Rocky Hill, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of Connecticut Housing Finance Authority, a component unit of the State of Connecticut, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise Connecticut Housing Finance 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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Connecticut Housing Finance Authority as of December 31, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 and the pension schedules on pages 54 and 55 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Connecticut Housing Finance Authority's basic financial statements. The supplementary information listed on the table of contents (combining schedules of net position and revenues, expenses and changes in net position) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate 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 of America. In our opinion, the combining fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2018 on our consideration of Connecticut Housing Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Connecticut Housing Finance Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Connecticut Housing Finance Authority's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
April 10, 2018

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, 2017 and 2016. 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 four parts: *Management's Discussion and Analysis*, the *Basic Financial Statements, Required Supplementary Information* 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 Basic Financial Statements

The Statement of Net Position provides information about the Authority's financial condition at the end of the year by indicating the nature and amounts of its investments in resources (assets), its deferred outflows of resources, its obligations (liabilities), its deferred inflows of resources and its resulting net position. Net position represents total assets, plus total deferred outflows of resources, less total liabilities, less deferred inflows of resources. The organization of the statement of net position separates assets and liabilities into their current and non-current components.

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, financing, capital and investing activities.

The Notes to the Financial Statements

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.

Required Supplementary Information and Supplementary Information

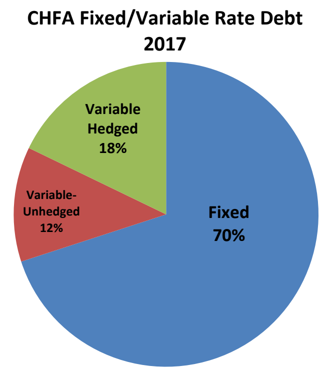
Required Supplementary Information represents information required by GASB, which supplements the basic financials statements and notes. These schedules provide additional information about the Authority's proportionate share of the Net Pension Liability and a schedule of the Authority's contributions to the State Employees' Retirement System (SERS).

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

Financial Highlights - Year Ended December 31, 2017

During 2017, the Authority closed $511.2 million in single family loans bringing homeownership to 2,967 homebuyers. Through new construction and/or rehabilitation, the Authority financed 1,744 affordable multifamily units for a total investment commitment of $84.7 million.

The Authority was able to restructure and refund over $305 million of its outstanding bonds to reduce interest rates. By combining these issues with new debt using a strategic mix of fixed rates, variable rates and the use of derivatives, 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 interest rates continued to increase during 2017, the Authority enjoyed an increase in short term investment interest earnings. Conversely, the increase in rates resulted in a $5.9 million decrease in fair value of investments, substantially all of which is attributable to the reduction in fair value of its GNMA, FNMA and FHLMC Program Assets (see Note 4 of the financial statements). Such investments are pledged as security for the bonds issued under the Authority's various bond programs and are not expected to be sold prior to maturity.

During 2017, the Authority issued six series of Housing Mortgage Finance Program Bonds totaling $1.02 billion to provide financing for its home mortgage and multifamily mortgage housing programs. Under the Special Needs Housing Mortgage Finance Program, the Authority issued five series of bonds totaling $37.4 million, the proceeds of which were to be used to refund $26.9 million in outstanding bonds with the remainder being used to fund the financing of 19 group homes. The group homes provide housing and support services for individuals with special needs. Under various programs, the Authority has also made funds available from net position.

Financial Highlights - Year Ended December 31, 2016

During 2016, the Authority closed $480.6 million in single family loans bringing homeownership to 2,843 homebuyers. Through new construction and/or rehabilitation, the Authority financed 1,171 affordable multifamily units for a total investment commitment of $140.3 million.

The Authority was able to restructure and refund over $288 million of its outstanding bonds to reduce interest rates. By combining these issues with new debt using a strategic mix of fixed rates, variable rates and the use of derivatives, 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 interest rates continued to increase during 2016, the Authority enjoyed an increase in short term investment interest earnings. Conversely, the increase in rates resulted in a $24.6 million decrease in fair value of investments, substantially all of which is attributable to the reduction in fair value of its GNMA, FNMA and FHLMC Program Assets (see Note 4 of the financial statements). Such investments are pledged as security for the bonds issued under the Authority's various bond programs and are not expected to be sold prior to maturity.

During 2016, the Authority issued seven series of Housing Mortgage Finance Program Bonds totaling $919.3 million to provide financing for its home mortgage and multifamily mortgage housing programs. The Authority also issued two series of Qualified Energy Conservation Bonds totaling $4.4 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 Analysis of the Authority

The following table summarizes the changes in Net Position between December 31, 2017, 2016 and 2015:

	(in millions)			% Change	
	2017	2016	2015	2017/2016	2016/2015
Assets					
Current assets	$ 858.4	$ 717.1	$ 630.2	19.7 %	13.8 %
Capital assets	3.5	3.6	3.6	(2.8)	-
Noncurrent assets	4,743.5	4,525.0	4,348.5	4.8	4.1
Total assets	**5,605.4**	**5,245.7**	**4,982.3**	**6.9**	**5.3**
Deferred outflows of resources					
Unamortized deferred bonds refunding costs	91.8	77.8	64.5	18.0	20.6
Derivative Financial Instruments	-	28.3	74.7	(100.0)	(62.1)
Deferred amounts for pensions	22.0	25.2	9.8	(12.7)	157.1
Total deferred outflows of resources	**113.8**	**131.3**	**149.0**	**13.3**	**(11.9)**
Liabilities					
Long-term bonds payable	4,199.9	3,978.2	3,534.3	5.6	12.6
Net pension liability	67.1	69.6	65.7	(3.6)	5.9
Other liabilities	550.3	449.7	642.2	22.4	(30.0)
Total liabilities	**4,817.3**	**4,497.5**	**4,242.2**	**7.1**	**6.0**
Deferred inflow of resources					
Deferred amount for pensions	10.2	12.8	-	(20.3)	100.0
Derivative Financial Instruments	10.7	-	-	100.0	
Total deferred inflows of resources	**20.9**	**12.8**	**-**	**63.3**	**100.0**
Net position					
Net investment in capital assets	3.5	3.6	3.6	(2.8)	-
Restricted	877.5	863.1	885.5	1.7	(2.5)
Total Net Position	**$ 881.0**	**$ 866.7**	**$ 889.1**	**1.7** %	**(2.5)** %

Change 2017/2016

- Mortgage loans receivable decreased $95.3 million or 2.9%.
  - During 2017, the Authority's multifamily loan portfolio experienced overall net growth, while its home mortgage whole loan portfolio continued to experience a net reduction. The home mortgage loan program, however, which includes both whole loans and mortgage loans securitized into mortgage backed securities (MBS's), experienced a year-over-year increase of 6.7%.
- Cash and investments in securities increased $478.6 million or 26.2% primarily resulting from:
  - A net increase of $128.8 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.

  - The Authority continued to see growth in the home mortgage loan program. In 2017, 86% of new qualified home mortgage loans were securitized into mortgage backed securities. $355.7 million in bond proceeds were used to directly purchase investments as opposed to whole loans.
  - A $5.9 million decrease attributable to the reduction in investment fair values specifically related to GNMA, FNMA and FHLMC Program Assets (see Note 4 of the financial statements).

- Accounts receivable and other assets decreased by $12.1 million or 16%. The majority of this reduction is due to the spend-down of Financing Adjustment Factor (FAF) funds. The use of FAF funds is governed by an agreement between the Authority and the Department of Housing and Urban Development (HUD).
- Bonds payable increased by $336.4 million or 8.2%. The increase is attributed to:
  - An increase of $1.0776 billion as a result of new bonds issued including original issue premium.
  - An increase of $0.9 million due to capital appreciation bond accretions.
  - A decrease of $737.0 million as a result of redemptions.
  - A decrease of $5.1 million due to amortization of original issue premiums.
- Deferred outflows of resources decreased $17.5 million or 13.3%. This decrease is attributed to:
  - A net increase of $14.0 million in unamortized deferral on bond refundings and net decrease of $28.3 million in accumulated decrease in fair value of hedging derivatives. During 2017 the Authority refunded certain variable rate bonds that were being hedged by interest rate swaps. $22.4 million in fair value of the swaps at the time of the refundings was reclassified from derivative financial instruments-deferred outflows to unamortized deferral on bond refundings. The amounts reclassed are then amortized over the shorter of the life of the refunded or new debt. The $22.4 million increase to unamortized deferral on bond refundings was offset by $8.3 million of such amortizations. In addition, the Authority saw an increase in the fair value of the interest rate swaps resulting from the rise in interest rates.
  - A $3.2 million decrease in deferred amount for pensions. The deferred amounts are comprised of the difference between expected and actual experience, changes in actuarial assumptions, changes in proportion and difference between employer contributions and proportionate share of employer contributions and lastly, the employer contributions made between the measurement date of June 30, 2017 and the Authority's year-end of December 31, 2017.
- Net pension liability decreased by $2.5 million or 3.6%.
  - The Authority is a component unit of the State of Connecticut and participates in the State's pension plan and recorded the liability based on its 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 13 of the financial statements).
- Deferred inflows of resources increased $8.1 million or 63.3%. This includes:
  - The change in deferred amounts for pensions. From an actuarial analysis prepared as of the measurement date, the State has allocated $10.1 million as the Authority's change in proportion and difference between employer pension contributions and proportionate share of pension contributions. In addition $0.1 million was allocated to the Authority for the net difference between projected and actual investment earning on pension plan investments (see Note 13 of the financial statements).
  - During 2017 the Authority refunded certain variable rate bonds that were being hedged by interest rate swaps. The fair value of the swaps at the time of the refundings was reclassified from derivative financial instruments-deferred outflows to unamortized deferral on bond refundings. The reclass resulted in the balance of $10.7 million being characterized as a deferred inflow.

Change 2016/2015

- Mortgage loans receivable decreased $232.0 million or 6.6%.
  - During 2016, the Authority's multifamily loan portfolio experienced overall net growth, while its home mortgage whole loan portfolio continued to experience a net reduction. The home mortgage loan program, however, which includes both whole loans and mortgage loans securitized into mortgage backed securities (MBS's), experienced a year-over-year increase of 6%. 80% of new home mortgages made in 2016 were securitized into MBS's.
- Cash and investments in securities increased $468.9 million or 34.5% primarily resulting from:
  - A net increase of $21.1 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 $7.6 million decrease in escrow deposits held by the Authority. This was due to:
    - The advancing of $7.9 million in available EMAP funds (see Note 15 of the financial statements for further explanation of the EMAP program).
    - The use of $6.4 million in Down Payment Mortgage Assistance Funds to assist qualified single family borrowers with meeting down payment needs.
    - The $9.7 million increase in loan proceeds escrows which represent amounts advanced on multifamily loans and held in escrow awaiting disbursement pending final advance requests.
    - The $3 million reduction in multifamily capital contributions disbursed at various loan closings.
  - The Authority continued to see growth in the home mortgage program. In 2016 80% of new qualified home mortgage loans were securitized into mortgage backed securities. $480 million in bond proceeds were used to directly purchase investments as opposed to whole loans.
  - A $24.6 million decrease attributable to the reduction in investment fair values specifically related to GNMA, FNMA and FHLMC Program Assets (see Note 4 of the financial statements).
- Accounts receivable and other assets increased by $38.4 million or 104%. The Authority has an arrangement with a GNMA/FNMA/FHLMC seller/servicer. The terms of the agreement provide for immediate reimbursement of single family loans that have been originated but are waiting to be pooled and securitized. The time lag between reimbursement and securitization is generally 45 days. The Authority earns interest at the note rate during this time. The majority of the increase represents these reimbursed but unsecuritized loans. Once securitized, the value of the loans are reclassed from accounts receivable and other assets to investments.
- Bonds payable increased by $268.5 million or 7%. The increase is attributed to:
  - An increase of $913.1 million as a result of new bonds issued including original issue premium.
  - An increase of $0.8 million due to capital appreciation bond accretions.
  - A decrease of $641.8 million as a result of redemptions.
  - A decrease of $3.6 million due to amortization of original issue premiums.
- Deferred outflows of resources decreased $17.6 million or 11.9%. This decrease is attributed to:
  - A net increase of $13.3 million in unamortized deferral on bond refundings and net decrease of $46.3 million in derivative financial instruments-deferred outflows. During 2016 the Authority refunded certain variable rate bonds that were being hedged by interest rate swaps. $19.7 million in fair value of the swaps at the time of the refundings was reclassified from derivative financial instruments-deferred outflows to unamortized deferral on bond refundings. The amounts reclassed are then amortized over the shorter of the life of the refunded or new debt. The $19.7 million increase to unamortized deferral on bond refundings was offset by $6.4 million of such amortizations. In addition, the Authority saw an increase in the fair value of the interest rate swaps resulting from the rise in long term interest rates.

- A $15.4 million increase in deferred amount for pensions. The deferred amounts are comprised of the difference between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments, changes in actuarial assumptions, changes in proportion and difference between employer contributions and proportionate share of employer contributions and lastly, the employer contributions made between the measurement date of June 30, 2016 and the Authority's year-end of December 31, 2016.
- Net pension liability increased by $3.9 million or 5.9%.
  - The Authority is a component unit of the State of Connecticut and participates in the State's pension plan. 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 13 of the financial statements).
- Deferred inflows of resources increased $12.8 million or 100%. This represents the change in deferred amounts for pensions. From an actuarial analysis prepared as of the measurement date, the State has allocated $12.8 million as the Authority's change in proportion and difference between employer pension contributions and proportionate share of pension contributions (see Note 13 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, FNMA & FHLMC Program Assets, excluding the acquired portfolio from the State) exceeded payoffs for the years ended December 31, 2017, 2016 and 2015 as follows:

	(in millions)		
	New Loans Financed	Payoffs	Net
2017	$ 533.6	$ 199.8	$ 333.8
2016	505.7	219.2	286.5
2015	500.9	205.7	295.2

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	
	2017	2016	2015	2017/2016	2016/2015
Construction loan balances	$ 190.2	$ 154.7	$ 202.5	23.0 %	(23.6) %
Permanent loan balances	1,064.5	1,077.0	1,011.2	(1.2)	6.5
Special needs housing permanent loan balances	61.0	62.9	54.8	(3.0)	14.8
Total Multifamily Mortgage Loans	$ 1,315.7	$ 1,294.6	$ 1,268.5	1.6 %	2.1 %

As a result of legislation that was passed during calendar year 2002, on April 9, 2003 the Authority acquired housing assets from the Connecticut 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.

During calendar year 2016, further legislation was passed which resulted in the Authority acquiring multifamily housing assets from the Connecticut Department of Housing from a reallocation of $15 million of the Authority's available cash resources. The par value of this acquired portfolio at December 31, 2016 was $16.1 million. After evaluation of the underlying loans by the Authority, the carrying value of this portfolio was written down to zero.

The status of these acquired portfolios combined, as of December 31, 2017, 2016 and 2015, is summarized as follows (in millions):

	December 31, 2017		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	$ 17.1	$ (16.1)	$ 1.0
Multifamily mortgage loans	169.6	(135.7)	33.9
Total acquired portfolio	$ 186.7	$ (151.8)	$ 34.9
Allowance for losses % to par value		81.3%	

	December 31, 2016		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	$ 17.4	$ (16.3)	$ 1.1
Multifamily mortgage loans	170.8	(135.5)	35.3
Total acquired portfolio	$ 188.2	$ (151.8)	$ 36.4
Allowance for losses % to par value		80.7%	

	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%	

Mortgage loan earnings, including earnings on GNMA, FNMA and FHLMC 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, 2017, 2016 and 2015.

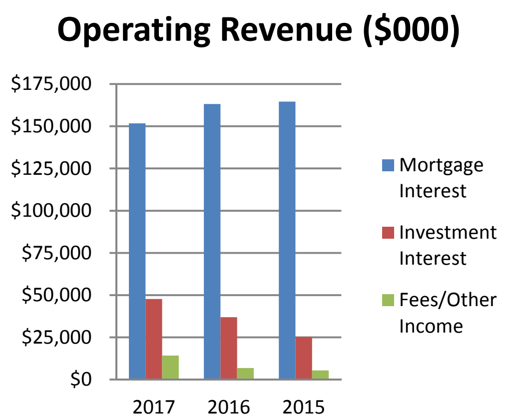
	(in millions)			% Change	
	2017	**2016**	**2015**	**2017/2016**	**2016/2015**
Operating Revenues:					
Interest on mortgage loans	$ 151.8	$ 163.2	$ 164.6	(7.0) %	(0.9)
Interest on investments	47.7	37.0	25.3	29.0	46.2
Fees and other income	14.2	6.8	5.5	108.9	23.6
Total operating revenues	**213.7**	**207.0**	**195.4**	**3.3**	5.9
Operating Expenses:					
Interest	137.4	127.9	125.3	7.4	2.1
Bond issuance costs	7.5	8.4	4.1	(11.0)	104.9
Servicer fees	11.5	11.2	10.5	2.5	6.7
Administrative	34.8	38.3	38.5	(9.0)	(0.5)
Provision for losses	1.6	18.0	16.2	(91.1)	11.1
Total operating expenses	**192.8**	**203.8**	**194.6**	**(5.4)**	**4.7**
Operating income	20.9	3.2	0.8	555.9	300.0
Nonoperating Revenues (Expenses):					
Net increase (decrease) in the fair value of investments	(5.9)	(24.6)	(17.7)	75.9	(39.0)
Other	(0.7)	(1.0)	(3.5)	33.8	71.4
Total nonoperating loss	**(6.6)**	**(25.6)**	**(21.2)**	**74.2**	**(20.8)**
Change in Net Position	$ 14.3	$ (22.4)	$ (20.4)	164.0 %	(9.8)

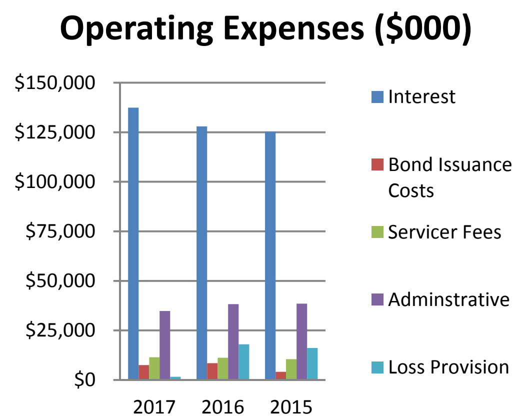
Change 2017/2016

- Total net position increased $14.3 million in 2017. Operating income was $20.9 million, an increase of $17.7 million from the prior year.

  - Operating revenues increased $6.7 million or 3.3%. There has been a shift between interest on mortgage loans and interest on investments year-over-year due to a substantial portion of new qualified mortgage loans being securitized into mortgage-backed securities instead of being recognized as whole loans. When combined, the revenue variance between years is nominal. The majority of the increase in operating revenues is due to an increase in fees and other income. Several non-recurring fees were recognized in 2017, in most part due to the administration of Section 8 contracts in the multifamily portfolio.
  - Operating expenses decreased $11 million or 5.4%. This decrease is substantially attributable to:
    - A $9.5 million increase in interest costs. The Authority's outstanding debt as of year-end was $328 million higher than the prior year.
    - A $3.5 million decrease in administrative costs.
      - Costs associated with the administration of its variable rate demand bonds are $700,000 lower than prior year as expiring contracts were replaced by new contracts at lower rates.

- Fringe benefits are $2.5 million lower than prior year. The collective bargaining unit governing many state benefits was reopened and renegotiated in 2017 resulting in higher employee contributions and lower employer costs. The Authority's share of pension expense and pension liability allocated from the State resulted in lower pension costs and a smaller portion of the State's pension liability.
- A $16.4 million decrease in provision for losses over prior year. A substantial increase in loss reserve was needed in 2016 to account for the acquisition of a multifamily portfolio acquired from the State in connection with Public Act 16-1. The Authority did not make any acquisition in 2017.
- Nonoperating loss is substantially attributable to the $5.9 million decrease in the fair value of the Authority's investment portfolio, specifically the Authority's GNMA, FNMA and FHLMC Program Assets discussed in Note 4 of the financial statements. This reduction in fair value was due to an increasing market interest rate environment. The change in market interest rates has an inverse relationship to the fair value of mortgage backed securities.





Change 2016/2015

- Total net position decreased $22.4 million in 2016. Operating income was $3.2 million, an increase of $2.4 million, or 300%, from the prior year.

- Operating revenues increased $11.6 million or 5.9% The Authority is experiencing a trend where a substantial portion of new qualified mortgage loans are being securitized into mortgage-backed securities instead of whole loans. This accounts for the decrease in interest on mortgage loans and corresponding increase in interest on investments over prior year.
- Operating expenses increased $9.2 million or 4.7%. This increase is substantially attributable to:
  - A $2.6 million increase in interest costs. The Authority's outstanding debt as of year-end was $260 million higher than the prior year.
  - A $4.3 million increase in bond issuance costs. The Authority issued $437.3 million more bonds in 2016 compared to 2015. Bond issuance costs are typically approximately 1% of the bond issue.
  - A $1.8 million increase in provision for losses over prior year. A substantial portion of the additional loss reserve required for 2016 resulted from the multifamily loan portfolio acquired from the State from the Authority's available resources, per Public Act 16-1.

- Nonoperating loss is substantially attributable to:
  - The $24.6 million decrease in the fair value of the Authority's investment portfolio, specifically the Authority's GNMA, FNMA and FHLMC Program Assets discussed in Note 4 of the financial statements. This reduction in fair value was due to an increasing market interest rate environment. 2015 saw a similar fair value decrease of $17.7 million. The change in market interest rates has an inverse relationship to the fair value of mortgage backed securities.

  - A net increase of $2.5 million in net Nonoperating Revenues Other. This change is attributed to a $2.5 million reduction in CIA program expenses from 2015 to 2016 as the Authority continues to spend down the remaining funds on hand. Per Public Act 05-228, effective May 2014, the Authority stopped receiving CIA funds (see Note 15 of the financial statements).

Debt Administration

The following table summarizes the changes in bonds payable between December 31, 2017, 2016 and 2015. More detailed information related to the Authority's outstanding bond debt obligations is presented in Note 8 of the financial statements.

	(in millions)			% Change	
	2017	2016	2015	2017/2016	2016/2015
Bonds payable	$ 4,433.9	$ 4,097.6	$ 3,829.0	8.2%	7.0%

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, 2017	December 31, 2016
Assets		
Restricted current assets:		
Cash and cash equivalents	$ 533	$ 568
Mortgage loans receivable	129,571	113,386
Investments in securities	641,242	502,434
Real estate owned - multifamily	2,300	2,300
Accrued interest receivable on:		
Mortgage loans	16,768	19,627
Securities	4,707	3,462
Accounts receivable and other assets	63,243	75,298
Total current assets	858,364	717,075
Restricted noncurrent assets:		
Mortgage loans receivable, net of current portion	3,063,687	3,175,133
Investments in securities, net of current portion	1,663,393	1,323,615
Capital assets, net of depreciation	3,465	3,567
Real estate owned - single family	16,483	26,284
Total noncurrent assets	4,747,028	4,528,599
Total assets	5,605,392	5,245,674
Deferred Outflows of Resources		
Unamortized deferral on bond refundings	91,788	77,774
Deferred amount for pensions	22,050	25,240
Derivative financial instruments		28,305
Total deferred outflows of resources	113,838	131,319
Liabilities		
Current liabilities:		
Escrow deposits and unearned revenue	43,821	43,612
Accrued interest payable	16,105	15,200
Accounts payable and accrued liabilities	6,966	8,052
Bonds payable	234,010	119,330
Total current liabilities	300,902	186,194
Noncurrent liabilities		
Escrow deposits and unearned revenue, net of current portion	138,627	136,004
Bonds payable, net of current portion	4,199,893	3,978,220
Derivative instruments - interest rate swaps	110,830	127,451
Net pension liability	67,070	69,628
Total noncurrent liabilities	4,516,420	4,311,303
Total liabilities	4,817,322	4,497,497
Deferred Inflows of Resources		
Deferred amount for pensions	10,248	12,834
Derivative financial instruments	10,677	
Total deferred inflows of resources	20,925	12,834
Net Position		
Net investment in capital assets	3,465	3,567
Restricted by bond indentures and/or enabling legislation	877,518	863,095
Total Net Position	$ 880,983	$ 866,662

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, 2017	Year Ended December 31, 2016
Operating Revenues		
Interest on mortgage loans	$ 151,752	$ 163,180
Interest on investments	47,734	36,990
Fees and other income	14,232	6,812
Total operating revenues	213,718	206,982
Operating Expenses		
Interest	137,424	127,917
Bond issuance costs	7,497	8,428
Servicer fees	11,482	11,203
Administrative	34,807	38,263
Provision for losses	1,595	17,982
Total operating expenses	192,805	203,793
Operating Income	20,913	3,189
Nonoperating Revenues (Expenses)		
Net decrease in the fair value of investments	(5,938)	(24,593)
State and federal program funding	6,252	8,735
State and federal program expenses	(6,906)	(9,723)
Net nonoperating expenses	(6,592)	(25,581)
Change in Net Position	14,321	(22,392)
Net Position - Beginning of Year	866,662	889,054
Net Position - End of Year	$ 880,983	$ 866,662

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, 2017	Year Ended December 31, 2016
Cash Flows from Operating Activities		
Cash received from interest on mortgage loans	$ 154,611	$ 166,045
Cash received from scheduled mortgage principal payments	88,231	102,837
Cash received from mortgage principal prepayments	200,333	213,840
Cash received from fees and other income	13,569	6,812
Cash payments to purchase mortgage loans	(191,662)	(278,738)
Cash payments to employees	(20,638)	(22,832)
Cash payments to suppliers	(21,558)	(23,558)
Net cash provided by operating activities	222,886	164,406
Cash Flows from Noncapital Financing Activities		
Repayments of escrow deposits	2,832	7,136
Retirement of bonds payable	(737,047)	(641,827)
Proceeds from sales of bonds	1,077,592	913,153
Interest paid	(130,593)	(123,439)
Bond issuance costs	(7,472)	(8,442)
Proceeds from state and federal program funding	6,252	8,735
State and federal program costs	(6,906)	(9,723)
Net cash provided by noncapital financing activities	204,658	145,593
Cash Flows from Capital and Related Financing Activities		
Computer software	(218)	(212)
Net cash used in capital and related financing activities	(218)	(212)
Cash Flows from Investing Activities		
Proceeds from sales of and maturities of investment securities	95,555	74,474
Purchase of investment securities	(579,206)	(431,236)
Sales of real estate owned	9,801	9,980
Interest received on investments	46,489	35,980
Net cash used in investing activities	(427,361)	(310,802)
Net Cash Used in Financing Activities	(35)	(1,015)
Cash and Cash Equivalents - Beginning of Year	568	1,583
Cash and Cash Equivalents - End of Year	$ 533	$ 568
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 20,913	$ 3,189
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	320	244
Provision for losses	1,595	17,982
Bond issuance costs	7,497	8,428
Interest on investments	(47,734)	(36,990)
Interest expense	137,424	127,917
Change in assets and liabilities:		
Decrease in accrued interest on mortgage loans	2,859	2,866
(Increase) decrease in accounts receivable and other assets	12,055	(38,372)
(Decrease) increase in accounts payable and other accrued liabilities	(1,086)	1,435
(Decrease) increase in deferred amount for pensions, outflows	3,190	(15,412)
(Decrease) increase in deferred amount for pensions, inflows	(2,586)	12,834
(Decrease) Increase in net pension liability	(2,558)	3,974
Decrease in mortgage loan and other receivables, net	90,997	76,311
Net Cash Provided by Operating Activities	$ 222,886	$ 164,406
Noncash Investing Activities		
Net decrease in the fair value of investments	$ (5,938)	$ (24,593)

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"). This entity is currently inactive.

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.

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 ("STIF") 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, 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 net asset value or 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 $2,299,000 and $1,955,000 for 2017 and 2016, respectively, and is reflected in the statements 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. The measurement date relating to the Authority's net pension liability is June 30 of the current reporting year.

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 8. 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 two 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.

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, FNMA & FHLMC Program Asset investments more fully described in Note 4. 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 February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). 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 implemented this new standard effective January 1, 2016 (see Note 3 for further details).

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 provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. This Statement applies to the Authority's financial statements and was effective January 1, 2016.

Recent Accounting Standards

In June 2015, GASB approved Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* (GASB 75), which revises and establishes new financial reporting requirements for most governments and governmental agencies that provide postemployment benefits other than pensions to their employees. The provisions of this Statement are effective for periods beginning after June 15, 2017. GASB 75 replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as Amended*, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans, for OPEB*. Statement No. 75 will require the Authority to recognize a liability for postemployment benefits other than pensions. GASB 75 also requires new note disclosures and new required supplementary information. The Authority is in the process of assessing the impact of GASB 75 on its financial statements.

NOTE 3 - FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date ("exit price"). The fair value hierarchy established by generally accepted accounting principles prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1
Quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2
Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3
Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable.

The Authority has the following investment and derivative instruments measured at fair value which are included in the statements of net position as of December 31, 2017 and December 31, 2016:

Investments and Derivative Instruments Measured at Fair Value
(in thousands)
December 31, 2017

	Fair Value 12/31/17	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
CMO	$ 474	$	$ 474	$
GNMA, FNMA & FHLMC Program Assets	1,603,090		1,603,090	
MBS's	509		509	
Municipal Bonds	58,479		58,479	
Structured Securities	279		279	
US Government Agency Securities	878	878		
Total	$ 1,663,709	$ 878	$ 1,662,831	$ -
Derivative Instruments measured at fair value:				
Interest rate swaps	$ (110,830)	$ -	$ (110,830)	$ -

Investments and Derivative Instruments Measured at Fair Value
(in thousands)
December 31, 2016

	Fair Value 12/31/16	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
CMO	$ 626	$	$ 626	$
GNMA, FNMA & FHLMC Program Assets	1,268,049		1,268,049	
MBS's	654		654	
Municipal Bonds	53,426		53,426	
Structured Securities	276		276	
US Government Agency Securities	870	870		
Total	$ 1,323,901	$ 870	$ 1,323,031	$ -
Derivative Instruments measured at fair value:				
Interest rate swaps	$ (127,451)	$ -	$ (127,451)	$ -

NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS IN SECURITIES

B. Deposits (in 000's)

At December 31, 2017 and 2016, 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 $533 (including $11 held under the Special Needs Housing Renewal and Replacement Funds) and $568 (including $34 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 $1,542 and $1,695 at December 31, 2017 and 2016, respectively. Included in the carrying amount reported as cash and cash equivalents, are deposits held in escrow by the Authority at December 31, 2017 and 2016, of $443 and $263, respectively.

Custodial Credit Risk

Of the $1,542 and $1,695 financial institution balance at December 31, 2017 and 2016, $36 and $304, 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 $1,505 and $1,391, respectively, were held in demand deposit accounts at FDIC-insured institutions. As of December 31, 2017, $1,255 was uninsured, $151 of which was collateralized with securities by the financial institution, but not in the Authority's name. As of December 31, 2016, $1,141 was uninsured, $139 of which was collateralized with securities by the financial institution, but not in the Authority's name.

C. Investments in Securities (in 000's)

At December 31, 2017, 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 8. 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 S&P Global Ratings listed first (if available), the Moody's Investors Service second (if available) and the Fitch Rating last (if available) or NR for not-rated.

	Investment Maturities (in Years)				
	Amortized Cost, Net Asset Value or Fair Value	**Less Than 1**	**1 - 5**	**6 -10**	**More Than 10**
CMO (NR/NR/CCC)	$ 474	$	$	$ 474	$
GNMA, FNMA & FHLMC Program Assets	1,603,090			1,099	1,601,991
MBS's	509			69	440
Money Market Funds (AAAm,AAA-mf/NR)	9,045	9,045			
Municipal Bonds	58,479	316	1,867	2,457	53,839
STIF-rated (AAAm/NR/NR)	631,881	631,881			
Structured Securities-rated (NR/C/D)	279				279
U.S. Government Agency Securities	878				878
Total Investments Held by All Funds and Component Units	$ 2,304,635	$ 641,242	$ 1,867	$ 4,099	$ 1,657,427

Restricted current assets:	
Capital Reserve Funds	$ 31,882
Renewal and Replacement Funds	8,796
All other funds and component units	600,564
Total restricted current assets	641,242
Restricted noncurrent assets:	
Capital Reserve Funds	687,694
All other funds and component units	975,699
Total restricted noncurrent assets	1,663,393
Total Investments Held by All Funds and Component Units	$ 2,304,635

Interest Rate Risk

Exposure to declines in fair value is substantially limited to the Authority's investment in the GNMA, FNMA and FHLMC 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, 2017, one CMO (fair value $474) and one Structured Security (fair value $279) were below Investment Grade rating standards. At December 31, 2016, one CMO (fair value $626) and one Structured Security (fair value $276) were below Investment Grade rating standards.

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, 2017 and 2016, 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, FNMA and FHLMC Program Assets - fair value - $1,603,090 or 70% in 2017 and $1,268,049 or 69% in 2016) or the State of Connecticut (STIF - fair value - $631,881 or 27% in 2017 and $492,323 or 27% in 2016).

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 - $1,672,754 in 2017 and $1,333,726 in 2016) with the exception of the STIF (fair value - $631,881 in 2017 and $492,323 in 2016 - rated AAAm in 2017 and 2016). The underlying value of the investment in the STIF's pool is the same as the value of the pool's shares. The pool is managed by the Cash Management Division of the State of Connecticut's Treasurer's Office. The State Treasurer set up a cash management advisory board tasked with reviewing the pool's portfolio, performance investment policies and procedures.

GNMA, FNMA & FHLMC 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. In 2016, the Authority further expanded the program to securitize pools of home mortgage loans guaranteed by the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, FNMA & FHLMC Program Assets are carried at fair value. As of December 31, 2017 and 2016, the fair value of GNMA, FNMA & FHLMC Program Asset investments was $1,603,090 and $1,268,049, 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 ($256,542 at December 31, 2017 and $237,925 at December 31, 2016) 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 ($298,586 at December 31, 2017 and $284,832 at December 31, 2016) 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 ($5,048 at December 31, 2017 and $4,584 at December 31, 2016) 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 ($5,048 at December 31, 2017 and $4,589 at December 31, 2016) 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,					
	2017			2016		
	Bond Resolution	Special Needs Indenture	Total	Bond Resolution	Special Needs Indenture	Total
Investment in securities	$ 714,254	$ 5,322	$ 719,576	$ 764,143	$ 5,559	$ 769,702
Accrued interest receivable	1,746	11	1,757	1,884	8	1,892
Total Capital Reserve Funds	$ 716,000	$ 5,333	$ 721,333	$ 766,027	$ 5,567	$ 771,594
Restricted current assets:						
Investments in securities	$ 27,577	$ 4,305	$ 31,882	$ 39,427	$ 4,540	$ 43,967
Accrued interest receivable	1,746	11	1,757	1,884	8	1,892
Total restricted current assets	29,323	4,316	33,639	41,311	4,548	45,859
Restricted noncurrent assets:						
Investments in securities	686,677	1,017	687,694	724,716	1,019	725,735
Total Capital Reserve Funds	$ 716,000	$ 5,333	$ 721,333	$ 766,027	$ 5,567	$ 771,594

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, 2017 and 2016, the carrying amount of restricted funds of the Special Needs Housing Renewal and Replacement Funds consisted of the following (in 000's):

	2017	2016
Cash and cash equivalents	$ 11	$ 34
Investments in securities	8,796	8,085
Accrued interest receivable	10	4
Total Special Needs Housing Renewal and Replacement Funds	$ 8,817	$ 8,123

NOTE 5 - MORTGAGE LOANS RECEIVABLE

The Authority makes single family and multifamily loans to residents and companies 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 made to low and moderate income borrowers.

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, 2017 and 2016, 33% and 42%, respectively, of this portfolio was serviced by one financial institution.

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

	2017	2016
Home mortgage loans:		
Insured by the Federal Housing Administration or guaranteed by the Veterans Administration	$ 1,487,246	$ 1,567,829
Insured by private mortgage insurance companies	100,109	121,256
Uninsured reverse annuity mortgage loans	1,980	2,688
Uninsured, State of Connecticut supported EMAP loans	64,634	64,495
Uninsured, not guaranteed	452,087	466,470
Total home mortgage loans	2,106,056	2,222,738
Multifamily mortgage loans:		
Completed developments:		
Insured by the Federal Housing Administration or guaranteed by private insurer	32,607	34,563
Uninsured, federally subsidized	353,975	363,365
Uninsured, State of Connecticut subsidized special needs housing mortgage loans	60,993	62,978
Uninsured, unsubsidized, not guaranteed	847,453	849,913
Total completed developments	1,295,028	1,310,819
Construction mortgage loans:		
Uninsured, unsubsidized	190,227	154,657
Total construction mortgage loans	190,227	154,657
Total multifamily mortgage loans	1,485,255	1,465,476
Less allowance for losses	(398,053)	(399,695)
Total investments in mortgage loans	3,193,258	3,288,519
Restricted current assets	129,571	113,386
Restricted noncurrent assets	3,063,687	3,175,133
Total Mortgage Loans Receivable	$ 3,193,258	$ 3,288,519

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 20-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 Fannie Mae and 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, 2017 and 2016, permanent loans earn interest at rates ranging from 0% to 12.00% and have initial terms of 2 to 50 years.

At December 31, 2017 and 2016, construction loans earn interest at rates ranging from 0% to 6.9%. 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.

NOTE 6 - REAL ESTATE OWNED

Real Estate Owned (in 000's)

	December 31,					
	2017			2016		
	Single Family	Multifamily	Total	Single Family	Multifamily	Total
Real estate owned	$ 18,280	$ 2,300	$ 20,580	$ 29,651	$ 2,300	$ 31,951
Allowance for losses	(1,797)		(1,797)	(3,367)		(3,367)
Real Estate Owned-Carrying Amount	$ 16,483	$ 2,300	$ 18,783	$ 26,284	$ 2,300	$ 28,584

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, 2017 and 2016, one property remained in the multifamily real estate owned portfolio.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2017 and 2016, is as follows (in 000's):

	Balance January 1, 2017	Additions/ (Deletions)	Balance December 31, 2017
Capital Assets:			
Land	$ 851	$	$ 851
Building	2,851		2,851
Improvements	2,085		2,085
Computer software	1,096	218	1,314
	6,883	218	7,101
Less accumulated depreciation	(3,316)	(320)	(3,636)
Capital Assets, Net	$ 3,567	$ (102)	$ 3,465

	Balance January 1, 2016	Additions/ (Deletions)	Balance December 31, 2016
Capital Assets:			
Land	$ 851	$	$ 851
Building	2,851		2,851
Improvements	2,085		2,085
Computer software	885	211	1,096
	6,672	211	6,883
Less accumulated depreciation	(3,073)	(243)	(3,316)
Capital Assets, Net	$ 3,599	$ (32)	$ 3,567

NOTE 8 - 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 0.0% to 6.625% as of December 31, 2017 and 2016, and are subject to certain redemption provisions and mature in years through 2057 and 2056 as of December 31, 2017 and 2016, respectively.

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, 2017 and 2016, are subject to certain redemption provisions and mature in years through 2046 at December 31, 2017 and in years through 2045 at December 31, 2016.

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. The Authority will no longer issue bonds under the QECB Resolution due to the Tax Cuts and Jobs Act of 2017.

Bonds payable as of December 31, 2017 and 2016, were as follows (in 000's):

Housing Mortgage Finance Program Bonds	**Maturity Dates**	**Interest Rate Range %**	**Outstanding Amount December 31, 2017**	**Outstanding Amount December 31, 2016**	**Amount Due Within 1 Year**
1989 Series D	1993-2024	Variable	$ 16,710	$ 18,470	$ 1,895
1998 Series D	2020-2025	Variable	25,000	25,000	
1999 Series A	2014-2018	Variable	11,400	22,800	11,400
2001 Series D	2012-2027	Index	18,245	19,545	1,380
2004 Series A	2017-2035	Variable	15,000	15,000	
2005 Series B	2007-2035	2.90 - 4.76		90	
2007 Series A	2013-2038	4.00 - 4.95	25,000	25,000	520
2007 Series B	2021-2034	3.55 - 4.65		8,555	
2007 Series C	2010-2049	5.15	845	850	10
2008 Series B	2009-2034	2.00 - 5.41		91,120	
2008 Series C	2009-2018	3.86 - 6.16	80	80	80
2008 Series D	2009-2038	2.875 - 6.625	7,000	7,130	135
2008 Series E	2021-2039	Variable	83,985	107,805	83,985
2008 Series F	2009-2018	2.10 - 6.02	290	440	290
2008 Series G	2011-2038	3.40 - 6.00	7,675	7,745	75
2009 Series A	2020-2039	Variable		48,055	
2009 Series B	2010-2029	0.70 - 4.875		6,460	
2009 Series C	2010-2039	0.30 - 4.95/Variable	12,435	18,830	80
2009 Series D	2010-2039	5.071 - 6.274	57,570	58,065	530
2009 Series F	2011-2039	0.40 - 4.65	3,695	3,745	55
2010 Series A	2010-2039	0.25 - 4.80/Variable	57,780	85,095	480
2010 Series B	2010-2017	0.25 - 2.95		100	
2010 Series D	2011-2031	0.673 - 5.00	5,065	5,750	5,065
2010 Series E	2011-2052	0.70 - 5.25	34,635	35,470	830
2010 Series G	2013-2031	0.20 - 3.05	17,565	18,070	450
2011 Series B	2011-2041	0.30 - 5.00	2,560	5,825	
2011 Series C	2018-2035	Variable	46,450	100,000	2,575
2011 Series E	2012-2041	0.30 - 4.625/Variable		47,880	
2011 Series F	2012-2053	0.25 - 5.00	34,865	35,235	375
2012 Series A	2012-2032	0.17 - 3.55	105,525	118,060	13,130
2012 Series B	2013-2043	0.60 - 4.40	42,455	43,895	1,505
2012 Series C	2017-2038	2.00 - 3.875	131,085	159,620	1,795
2012 Series D	2013-2042	0.22 - 4.15/Variable	65,180	76,530	
2012 Series F	2013-2042	0.25 - 3.40	105,010	112,235	1,920
2012 Series G	2013-2055	0.25 - 4.00	60,035	60,690	710
2013 Series A	2013-2041	Index	282,570	288,860	7,515
2013 Series B	2014-2034	0.45 - 4.00/Variable	97,995	122,565	7,675
2013 Series C	2014-2046	Index	38,870	39,195	340
2014 Series A	2014-2044	0.15 - 4.00	30,605	66,450	2,805
2014 Series B	2016-2044	0.50 - 4.15/Index	49,130	49,625	515
2014 Series C	2015-2044	0.21 - 4.00/Variable	91,980	114,775	3,395
2014 Series D	2015-2044	0.20 - 4.00/Variable	148,395	159,035	3,900
2014 Series E	2015-2032	Index	13,886	14,292	446
2014 Series F	2015-2054	0.40 - 4.278/Index	57,035	82,095	695
2015 Series A	2015-2045	0.15 - 3.85	128,605	141,345	3,250
2015 Series B	2025-2030	Index	35,000	35,000	
2015 Series C	2016-2045	0.35 - 3.90/Variable	116,165	139,080	3,535
2015 Series D	2019-2045	Index		75,000	
2015 Series E	2016-2055	0.45 - 4.00/Index	51,105	60,310	21,250
2016 Series A	2016-2045	0.45 - 4.00/Variable	174,480	180,145	3,885
2016 Series B	2017-2046	0.75 - 3.55/Index	180,160	187,210	3,715
2016 Series C	2017-2051	0.55 - 3.50/Variable	84,640	85,970	1,205
2016 Series D	2019-2050	3.25	19,105	12,550	
2016 Series E	2017-2046	0.80 - 3.50/Variable	177,165	185,000	4,320
2016 Series F	2017-2046	0.00 - 3.50/Variable	197,035	202,705	4,520
2016 Series G	2018-2056	1.00 - 3.90/Index	36,590	36,590	30
2017 Series A	2017-2047	1.00 - 4.00/Variable	261,310		8,145
2017 Series B	2047	Index	125,000		
2017 Series C	2017-2047	0.95 - 4.00/Index	173,360		3,800
2017 Series D	2018-2047	1.00 - 4.00/Variable	174,990		3,685
2017 Series E	2018-2057	0.85 - 3.90	49,870		875
2017 Series F	2018-2048	0.00 - 4.00/Variable	229,165		3,125
			4,017,351	3,667,037	221,896
Plus unamortized bond premium			35,432	26,766	
Total Housing Mortgage Finance Bonds			$ 4,052,783	$ 3,693,803	

The amounts due within one year in the previous table include the total outstanding balance of variable rate demand bond obligations where the standby bond purchase agreements expire within one year of the balance sheet date, although the maturities extend well beyond. The value of these obligations as of December 31, 2017 is $83,985,000. It is the intention of the Authority to renew these agreements prior to expiration.

Special Needs Housing Mortgage Finance Program Special Obligation Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31, 2017	Outstanding Amount December 31, 2016	Amount Due Within 1 Year
Series SNH-1	2013-2032	5.00	$	$ 6,510	$
Series SNH-2	2013-2042	5.10 - 5.25		11,460	
Series SNH-4	2006-2035	3.00 - 4.70		3,605	
Series SNH-5	2006-2045	3.00 - 4.80		3,805	
Series SNH-6	2006-2045	3.00 - 4.90		1,550	
Series SNH-8	2008-2037	4.00 - 4.875	6,515	6,710	205
Series 13	2012-2040	2.00 - 5.00	10,965	11,260	310
Series 16	2011-2030	1.00 - 5.00	10,385	11,225	860
Series 18	2017-2046	1.40 - 4.45	9,885		205
Series 19	2017-2035	1.40 - 4.25	9,900		500
Series 20	2017-2045	1.40 - 4.40	3,765		85
Series 21	2017-2045	1.45 - 4.70	12,850		325
			64,265	56,125	2,490
Plus unamortized bond premium			518	439	
Total Special Needs Housing Mortgage Finance Program Special Obligation Bonds			$ 64,783	$ 56,564	

Single Family Special Obligation Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31, 2017	Outstanding Amount December 31, 2016	Amount Due Within 1 Year
Series 2009-1	2019-2035	3.01	$ 41,860	$ 43,650	$
Series 2009-2	2035-2041	3.01	46,630	48,630	
Series 2009-3	2019-2038	2.32	59,360	62,920	
Series 2009-4	2038-2041	2.32	11,780	12,490	
Series 2010-1	2011-2030	0.40 - 4.25	36,550	48,060	3,535
Series 2011-1	2012-2017	0.25 - 2.375		895	
Series 2011-2	2017-2026	2.375 - 4.50	29,535	34,015	4,325
Series 2011-3	2012-2031	4.50	11,495	16,835	670
			237,210	267,495	8,530
Plus unamortized bond premium			859	1,254	
Total Single Family Special Obligation Bonds			$ 238,069	$ 268,749	

Multifamily Special Obligation Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31, 2017	Outstanding Amount December 31, 2016	Amount Due Within 1 Year
Series 2009-1	2012-2051	2.32	$ 25,030	$ 25,480	$ 460
Total Multifamily Special Obligation Bonds			25,030	25,480	460

Housing Mortgage Finance Program Bonds (Single Family) Other Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31, 2017	Outstanding Amount December 31, 2016	Amount Due Within 1 Year
2010 Series A	2042-2045	5.00	$ 8,516	$ 8,106	$
2011 Series A	2042-2046	4.625	9,242	8,829	
Total Housing Mortgage Finance Program Bonds (Single Family) Other Bonds			17,758	16,935	-

Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31, 2017	Outstanding Amount December 31, 2016	Amount Due Within 1 Year
2011 Series A	2052-2055	4.75	$ 926	$ 884	$
2013 Series A	2013-2053	5.50/Variable	25,319	25,544	237
Total Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds			26,245	26,428	237

Qualified Energy Conservation Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31, 2017	Outstanding Amount December 31, 2016	Amount Due Within 1 Year
2015 Series A (1,2)	2016-2034	4.35	$ 5,063	$ 5,236	$ 184
2016 Series B	2017-2035	3.94	2,371	2,459	118
2016 Series C	2017-2036	3.94	1,801	1,896	95
Total Qualified Energy Conservatin Bonds			9,235	9,591	397
Total Bonds Payable, Net			$ 4,433,903	$ 4,097,550	$ 234,010

Conduit Debt

The Authority has also issued conduit debt obligations. The current principal balances of these conduit debt obligations as of December 31, 2017 include one series totaling $3,000,000 of Multifamily Housing Revenue Notes, one series totaling $10,379,000 of Multifamily Housing Revenue Bonds, one series totaling $16,480,000 of Special Needs Housing Mortgage Finance Program Special Obligation Bonds, two series totaling $23,300,000 of Variable Rate Demand Housing Revenue Bonds and four series totaling $78,190,000 of State-Supported Special Obligation Bonds. As of December 31, 2016, one series totaling $13,772,593 of Multifamily Housing Revenue Notes, one series totaling $10,782,000 of Multifamily Housing Revenue Bonds, one series totaling $17,740,000 of Special Needs Housing Mortgage Finance Program Special Obligation Bonds, two series totaling $24,180,000 of Variable Rate Demand Housing Revenue Bonds and four series totaling $82,700,000 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, 2017 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
2018	$ 90,655	$ 84,882	$ 47,256	$ 25,773	$ 19,388	$ 137,911	$ 130,043	$ 267,954
2019	118,065	83,177	18,639	25,280	18,296	136,704	126,753	263,457
2020	110,460	80,760	21,001	24,360	17,525	131,461	122,645	254,106
2021	128,110	78,387	26,328	24,429	16,798	154,438	119,614	274,052
2022	108,185	75,564	32,130	23,872	15,971	140,315	115,407	255,722
2023-2027	511,175	337,082	210,245	107,445	62,094	721,420	506,621	1,228,041
2028-2032	508,605	254,626	309,117	81,220	33,779	817,722	369,625	1,187,347
2033-2037	425,015	170,975	313,435	49,558	12,225	738,450	232,758	971,208
2038-2042	340,970	98,170	211,685	21,874	5,597	552,655	125,641	678,296
2043-2047	285,165	37,998	129,845	6,172	1,481	415,010	45,651	460,661
2048-2052	52,930	9,113				52,930	9,113	62,043
2053-2057	18,335	1,394				18,335	1,394	19,729
Total	$ 2,697,670	$ 1,312,128	$ 1,319,681	$ 389,983	$ 203,154	$ 4,017,351	$ 1,905,265	$ 5,922,616

Year Ending December 31,	Special Needs Indenture Fixed		SFSOB Resolution Fixed		MFSOB Resolution Fixed	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 2,490	$ 2,558	$ 8,530	$ 7,109	$ 460	$ 578
2019	2,545	2,495	9,280	6,859	480	568
2020	2,625	2,422	8,835	6,570	480	556
2021	2,705	2,332	9,675	6,268	510	545
2022	2,800	2,240	10,045	5,921	530	533
2023-2027	15,290	9,477	43,770	24,573	2,890	2,473
2028-2032	13,545	6,438	50,255	17,419	3,450	2,110
2033-2037	10,810	3,854	53,290	10,178	4,070	1,678
2038-2042	8,415	1,592	43,530	2,435	4,850	1,166
2043-2047	3,040	257			5,770	557
2048-2052					1,540	39
Total	$ 64,265	$ 33,665	$ 237,210	$ 87,332	$ 25,030	$ 10,803

Year Ending December 31,	Other Bond Resolutions Fixed		QECB Resolution Fixed		
	Principal	Interest	Principal	Interest	Total
2018	$ 237	$ 1,376	$ 397	$ 381	$ 292,070
2019	251	1,362	410	364	288,071
2020	265	1,348	424	347	277,978
2021	280	1,333	438	329	298,467
2022	296	1,317	452	311	280,167
2023-2027	1,748	6,317	2,501	1,257	1,338,337
2028-2032	2,300	5,765	2,953	693	1,292,275
2033-2037	3,027	5,038	1,660	110	1,064,923
2038-2042	11,880	10,206			762,370
2043-2047	15,100	41,372			526,757
2048-2052	7,279	1,868			72,769
2053-2057	1,340	3,490			24,559
Total	$ 44,003	$ 80,792	$ 9,235	$ 3,792	$ 6,518,743

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, 2017 were as follows (in 000's):

								Counterparty	
Associated Bond Issue		Effective Date	Notional Amount	Fixed Rate Paid	Variable Rate Received	Fair Value	Termination Date	Credit Rating *	% of Total Outstanding
2001 Series D-5		12/20/01	$ 18,245	5.360%	167% 3M LIBOR-SIFMA	$ (3,182)	11/15/27		
2012 Series D-3		12/20/01	40,000	4.090%	67% 1M LIBOR	(9,294)	5/15/33		
2014 Series C-2		9/13/05	13,915	3.546%	67% 3M LIBOR	(847)	11/15/34		
Total Bank of New York Mellon			72,160			(13,323)		AA-/Aa2/AA	8.96%
2011 Series C-1 & 2011 Series C-2		6/5/02	19,565	4.352%	67% 1M LIBOR	(4,262)	5/15/33		
2013 Series A		6/5/02	25,000	5.740%	167% 1M LIBOR- SIFMA	(8,906)	5/15/33		
Total Citibank, NA			44,565			(13,168)		A+/A1/A+	5.53%
2008 Series E & 2017 Series D		2/18/09	76,710	3.430%	67% 3M LIBOR	(13,140)	11/15/38		
2013 Series A		8/15/08	24,035	3.852%	67% 3M LIBOR	(3,177)	11/15/28		
2014 Series D-3		2/18/09	20,615	3.433%	67% 3M LIBOR	(4,291)	11/15/34		
2016 Series B-4		8/15/08	9,855	3.849%	67% 3M LIBOR	(3,049)	11/15/38		
2016 Series B-4		8/15/08	8,925	3.855%	67% 3M LIBOR	(2,281)	11/15/33		
2016 Series F-5		8/15/08	27,550	3.845%	67% 3M LIBOR	(7,007)	11/15/33		
Total FMS Wertmanagement			167,690			(32,945)		AAA/Aaa/WD	20.82%
1999 Series A-3		4/7/98	11,400	6.246%	100% 3M LIBOR- 5bp	(390)	11/15/18		
2011 Series C-1 & 2011 Series C-2		3/7/01	15,795	4.120%	67% 1M LIBOR	(2,685)	5/15/32		
2017 Series C-3 & 2017 Series F-3		8/1/02	43,495	3.981%	67% 1M LIBOR	(8,377)	5/15/33		
2013 Series A		3/7/01	25,000	5.475%	167% 1M LIBOR-SIFMA	(6,629)	5/15/32		
2013 Series C		2/26/14	38,870	2.776%	100% 1M LIBOR	(1,346)	5/15/24		
Total Goldman Sachs Mitsui Marine			134,560			(19,427)		AA-/Aa2	16.71%
2013 Series A		11/15/95	4,765	6.090%	67% 3M LIBOR	(119)	5/15/18		
Total JP Morgan Chase Bank, NA			4,765			(119)		A+/Aa3/AA-	0.59%
1998 Series D-4		7/1/98	25,000	6.320%	100% 3M LIBOR	(5,381)	11/15/25		
2011 Series C-1 & 2017 Series C-3		7/11/01	17,000	4.310%	67% 1M LIBOR	(4,124)	5/15/32		
2013 Series A		7/11/01	18,245	5.820%	167% 1M LIBOR-SIFMA	(3,729)	11/15/27		
2016 Series F-5		7/1/98	7,800	4.870%	100% 1W SIFMA	(1,977)	11/15/28		
Total Merrill Lynch Capital Services	* *		68,045			(15,211)		NR/A3/A	8.45%
2008 Series E, 2009 Series C-2 & 2016 Series E-3		6/15/15	40,000	2.0515%	67% 3M LIBOR	(757)	11/15/35		
2015 Series C		8/6/15	45,000	2.3625%	70% 1M LIBOR	(1,222)	11/15/45		
2016 Series A		11/16/15	40,000	2.1325%	67% 3M LIBOR	(212)	11/15/45		
2016 Series B-4	* * *	11/15/18	21,220	2.1400%	70% 1M LIBOR	40	11/15/46		
2016 Series E-3		8/25/16	21,000	1.7970%	67% 3M LIBOR	1,324	11/15/46		
2017 Series A-3		3/2/17	38,000	2.3350%	67% 3M LIBOR	(1,085)	11/15/47		
Total Royal Bank of Canada			205,220			(1,912)		AA-/A1/AA	25.48%
2017 Series F-3		10/4/00	24,420	5.397%	100% 1W SIFMA	(6,289)	11/15/31		
2009 Series C-2 & 2013 Series A		3/2/06	43,355	3.4175%	67% 3M LIBOR	(6,964)	5/15/36		
2017 Series D-3		8/15/08	10,095	4.047%	67% 3M LIBOR	(273)	11/15/28		
2016 Series B-4		8/15/08	17,470	4.037%	67% 3M LIBOR	(470)	11/15/28		
2016 Series F-5		11/15/16	13,150	1.820%	67% 3M LIBOR	(729)	11/15/46		
Total Wells Fargo Bank, NA			108,490			(14,725)		AA-/Aa2/AA-	13.46%
Portfolio Total			$ 805,495			$ (110,830)			100.00%

* S&P/Moody's/Fitch
** Credit support by Merrill Lynch Derivative Products AG (AA/Aa3/NR)
*** Forward starting swap agreement, trade date of 5/4/2016, effective date 11/15/18

Fair Value

There is a multi-step process in determining the fair value of the Authority's swap portfolio. The first step is to determine the settlement price utilizing the Income Approach from "mid market" pricing data. Such data consists primarily of observable quotes from the over-the-counter swap markets that fall into Level 2 of the fair value hierarchy. The second step is to determine the credit valuation adjustment ("CVA"). The purpose of the CVA is to quantify the nonperformance risk of the reporting entity as well as the nonperformance risk of the counterparty. Default probabilities are derived from credit default swap quotes or generic ratings based on borrowing curves that fall into Level 2 of the fair value hierarchy. In the final step, to determine fair value, the settlement price is adjusted by the CVAs of both the reporting entity's and counterparty's payment obligations. Because interest rates have declined since the implementation of the majority of the Authority's swap agreements, the aggregate fair value is negative as indicated in the previous chart.

Credit Risk

At December 31, 2017, the Authority was exposed to very limited counterparties' credit risk due to its broad diversification approach. Furthermore, the fair value of all except two 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, 2017, 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, 2017, eight 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. No par termination rights were exercised during 2017, one new swap agreement was established during 2017 with par termination rights resulting in nine interest rate swap agreements with these par termination rights remaining in the Authority's interest rate swap portfolio as of December 31, 2017.

Contingencies

Sixteen of the Authority's thirty-two interest rate swap agreements (outstanding notional amount $420,720,000, fair value ($44,805,741)) at December 31, 2017, 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, 2017, the Authority's ratings remain at AAA/Aaa (S&P/Moody's) and therefore, was not required to post collateral for any of its outstanding swaps.

Refunding Bonds

The schedule below summarizes the cash flow savings and economic gain resulting from the Authority's issuance of fixed rate refunding bonds under the Bond Resolution in 2017 and 2016:

Refunded Issue (s)	Refunding Issue	Cash Flow Savings (Loss) Over Life of Refunding Issue	Economic Gain Over Life of Refunding Issue
2017			
2008 Series B Subseries B-1	2017 Series A Subseries A-4	$ 13,894,828	$ 10,842,085
2008 Series B Subseries B-2	2017 Series A Subseries A-5	187,411	1,475,604
2007 Series B Subseries B-4	2017 Series E Subseries E-2	1,878,565	1,367,420
2016			
2006 Series D	2016 Series C Subseries C-2	$ (2,674,346)	$ 3,627,717
2006 Series E	2016 Series C Subseries C-3	(3,709,171)	1,653,426

NOTE 9 - CHANGES IN LONG-TERM LIABILITIES

The changes in long-term liabilities for the years ended December 31, 2017 and 2016, were as follows (in 000's):

	Balance January 1, 2017	Increase	Decrease	Balance December 31, 2017
Bonds payable, net	$ 3,978,220	$ 1,058,828	(837,155)	$ 4,199,893
Derivative instruments- interest rate swaps	127,451	57,114	(73,735)	110,830
Long-term escrow deposits	136,004	47,281	(44,658)	138,627
Net pension liability	69,628	34,700	(37,258)	67,070
	$ 4,311,303	$ 1,197,923	$ (992,806)	$ 4,516,420

	Balance January 1, 2016	Increase	Decrease	Balance December 31, 2016
Bonds payable, net	$ 3,534,349	$ 897,506	$ (453,635)	$ 3,978,220
Derivative instruments- interest rate swaps	154,147	17,544	(44,240)	127,451
Long-term escrow deposits	127,844	47,400	(39,240)	136,004
Net pension liability	65,654	28,434	(24,460)	69,628
	$ 3,881,994	$ 990,884	$ (561,575)	$ 4,311,303

NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Authority reports interfund balances among its funds which are reflected on the combining schedule of net position as "due from/due to other funds/component units". These balances generally consist of accruals of various revenues or expenses due to a fund, but received or paid to another, and transfers between funds to meet liquidity requirements. These transactions and resulting year-end interfund balances have been eliminated in the accompanying combining financial statements. The composition of interfund balances as of December 31, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General and Capital Reserve Fund	Multifamily Real Estate Owned	$ 2,300,000
	Single Family Special Obligation Bond Fund	59,373
	Multifamily Special Obligation Bond Fund	120,261
	Insurance Fund	252,289
		$ 2,731,923

During the year, operating transfers are used to reallocate or move resources from one fund to another and are reflected on the combining schedule of revenues, expenses and changes in net position. In 2017, $821,592 was transferred from the General Fund to the Special Needs Fund to reallocate bad debt recoveries.

NOTE 11 - 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, 2017 and 2016, the Authority had no such liability.

NOTE 12 - NET POSITION

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

	December 31, 2017	December 31, 2016
General and Capital Reserve Funds:		
Net investment in capital assets	$ 3,465	$ 3,567
General and Capital Reserve Funds	849,194	838,488
Other Funds:		
Housing Mortgage Insurance Fund	3,708	4,151
Single Family Special Obligation Bond and Other Bond Funds	3,566	2,198
Multifamily Special Obligation Bond and Other Bond Funds	2,079	1,703
Special Needs Housing Funds	18,118	16,060
Qualified Energy Conservation Bonds	134	12
Component Units:		
CHFA-Small Properties, Inc.	719	483
	$ 880,983	$ 866,662

NOTE 13 - 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/index.html.

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 five tiers. All Authority employees are classified as non-hazardous duty. A summary of plan benefits and required contributions for non-hazardous duty members is represented in the following table:

	Tier I	Tier II	Tier IIA	Tier III	Tier IV
Eligibility - hire date	Prior to July 1, 1984	On or after July 1, 1984	On or after July 1, 1997	On or after July 1, 2011	On or after July 1, 2017
Final Average Earnings (FAE)	Average Salary of 3 highest paid years of service	Average Salary of 3 highest paid years of service		Average Salary of 5 highest paid years of service	
Benefit	Plan B 2% of FAE x years of service up to age 65. Thereafter, 1% of FAE up to $4,800 plus 2% of FAE in excess of $4,800. At age 70, greater of 1.25% of FAE up to $4,800 plus 2.5% of FAE in excess of $4,800 x years of service or 1% of FAE up to $4,800 plus 2% of FAE in excess of $4,800 x years of service. Plan C 2% of FAE x years of service. At age 70, greater of 2.5% of FAE x years of service (max 20 years) or 2% of FAE x years of service.	1.4 % of FAE plus 0.433% of FAE in excess of breakpoint x years of service up to a max of 35 years plus 1.625% of FAE x years of service over 35 years			1.3% of FAE x years of service
Vesting	10 years of service	5 years of service	5 years of service	10 years of service	10 years of service
Normal Retirement	Age 55 with 25 years Age 60 with 10 years Age 70 with 5 years	If eligible for retirement prior to July 1, 2022 Age 62 with 10 years Age 60 with 25 years Age 70 with 5 years If NOT eligible for retirement prior to July 1, 2022 Age 65 with 10 year Age 63 with 25 years Age 70 with 5 years		Age 63 with 25 years Age 65 with 10 years	Age 63 with 25 years Age 65 with 10 years
Early Retirement	Age 55 with 10 years	Age 55 with 10 years	Age 55 with 10 years	Age 58 with 10 years	Age 58 with 10 years
Member Contributions (prior to 7/1/17)	Plan B 2% of earnings up to social security wage base plus 5% of earnings above that level Plan C 5% of earnings	None	2% of earnings	2% of earnings	n/a
Member Contributions (Effective 7/1/17)	Plan B 3.5% of earnings up to social security wage base plus 5% of earnings above that level Plan C 6.5% of earnings	1.5% of earnings	3.5% of earnings	3.5% of earnings	* 6.5% of earnings

* In years where plan asset losses require further increases in contributions, Tier IV employees' contributions may increase by half the necessary increase in rates (up to 2%). All Tier IV employees must contribute 1% to the Defined Contribution (DC) portion of the Hybrid Plan and may elect additional contributions of up to 3% of salary to the DC portion.

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 plans provide for death and disability benefits.

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. 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% 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, 2017 and 2016 were 36.90% and 35.76%, 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 $4,909,189 and $4,553,783 for the years ended December 31, 2017 and 2016, respectively.

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

As of December 31, 2017, the Authority reported a liability of $67,069,565 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 0.3183% as of June 30, 2017.

For the year ended December 31, 2017, the Authority recognized pension expense of $3,739,567. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,601,190	$
Changes in assumptions	10,276,664	
Net difference between projected and actual earnings on pension plan investments		128,066
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,249,054	10,120,289
Contributions subsequent to the measurement date	3,923,320	
	$ 22,050,228	$ 10,248,355

$3,923,320 reported as deferred outflows of resources related to pensions resulting from Authority contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2018	$ 2,366,671
2019	2,821,801
2020	2,075,262
2021	315,095
2022	299,724
	$ 7,878,553

Actuarial Assumptions

The total pension liability was determined based on the roll-forward to June 30, 2017 of the annual actuarial funding valuation report prepared as of June 30, 2016. The GASB 67 report for the June 30, 2017 measurement date provides the detail of the development of the total pension liability. The key actuarial assumptions are summarized below:

Inflation	2.50%
Salary increases	3.50% - 19.50% including inflation
Cost of living	1.95% - 3.25%
Investment rate of return	6.9%, net of pension plan investment expense, including inflation

The RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100% for males and 95% for females is used for the period after service retirement and for dependent beneficiaries. The RP-2014 Disabled Retiree Mortality Table at 65% for males and 85% for females is used for the period after disability.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of 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
Inflation Linked Bonds	5.0	1.0
Cash	4.0	0.4

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2017 was 6.9%. The projection of cash flows used to determine the discount rate assumed that plan 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. Projected future benefit payments for all current plan members were projected through the year 2136. 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 expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total plan liability and a municipal bond rate was not used in determining the discount rate.

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 6.9%, 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 percentage-point lower (5.9%) or 1 percentage-point higher (7.9%) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of net pension liability	$ 77,564,627	$ 67,069,565	$ 53,995,404

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 14 - 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 statements of net position. These expose the Authority to credit risk in excess of the amount recognized on the statements 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 statements of net position. Total credit exposure is summarized below (in 000's):

	2017	2016
Mortgage Loan Commitments:		
Home Mortgage Program Purchases	$ 79,928	$ 57,690
Multifamily Developments	118,026	63,522
Reverse Annuity Mortgage	322	489
Emergency Mortgage Assistance (EMAP)	11,181	15,420
	$ 209,457	$ 137,121

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, 2017 and December 31, 2016, the Authority had $15,052,000 and $16,429,000, respectively, of outstanding home mortgage loans that are insured under this program. For the years ended December 31, 2017 and 2016, the claims paid from the CHFA Insurance Fund were $563,000 and $425,000, 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 15 - 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 Authority is currently spending down the funds received in prior years.

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 2017 and 2016, the Authority received $10,000,000 and $-0-, 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 and expenses. 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 2017 and 2016, the Authority received $86,000 and $79,000 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 and are subject to the terms and conditions of the grant agreement entered into between Neighborworks America and the Authority.

In 2017 and 2016, the Authority received $143,000 and $209,000, respectively, in Comprehensive Counseling ("CC") grant funds from the U.S. 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.

The Qualified Energy Conservation Bond ("QECB") program was established under the Economic Stabilization Act of 2008 ("Act") and is governed by certain provisions of the Internal Revenue Code of 1986, as amended ("Code"). Pursuant to the Act and Code, QECBs are qualified tax credit bonds where the U.S. Treasury subsidizes a portion of the bond interest payment equal to 70% of the tax credit bond rate. The interest subsidy received in 2017 and 2016 was $244,000 and $202,000, respectively.

The goal of ending chronic homelessness was set when the State of Connecticut's governor signed onto the "Zero:2016" initiative. In furtherance of reaching this goal, the Authority committed to contributing $5,000,000 over ten years to fund supportive housing rental subsidies. The funding is to be made first from State funds on hand resulting from CHFA's administration of the State's supportive housing program. Once the designated State funds are exhausted, Financing Adjustment Factor (FAF) funds obtained from an agreement between the Authority and U.S. Department of Housing and Urban Development (HUD) will be used to fund the balance of the subsidy. In 2017 and 2016, the Authority funded $500,000 and $250,000 towards this commitment, respectively.

Activity under these programs for the years ended December 31, 2017 and 2016, is summarized below (in 000's):

	2017 Program Funding	2017 Program Expenses	Net
PA 05-228	$	654	$ (654)
EMAP	5,279	5,279	
NFMC	86	86	
CC	143	143	
QECB	244	244	
ZERO 16	500	500	
	$ 6,252	$ 6,906	$ (654)

	2016 Program Funding	2016 Program Expenses	Net
PA 05-228	$	$ 988	$ (988)
EMAP	7,995	7,995	
NFMC	79	79	
CC	209	209	
QECB	202	202	
ZERO 16	250	250	
	$ 8,735	$ 9,723	$ (988)

NOTE 16 - 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 are two pending claims, neither of which are expected to exceed insurance coverage limits if settled.

NOTE 17 - SUBSEQUENT EVENTS

On January 25, 2018, February 15, 2018, March 15, 2018, March 16, 2018 and April 5, 2018, the Authority redeemed $4,520,000, $1,650,000, $18,520,000, $935,000 and $74,470,000, respectively, of various series of outstanding bonds held under the Bond Resolution.

The Tax Cuts and Jobs Act of 2017 became law on January 1, 2018 resulting in the lowering of corporate income tax rates from 35% to 21%. It is yet to be determined the impact this may have on the appetite for investors in Low Income Housing Tax Credits and corresponding potential effect on that important funding source for the development of low income multifamily housing projects. The Authority is reviewing all options to close any potential funding gaps.

On March 1, 2018, the Authority issued 2018 Series A fixed rate and variable rate bonds in the amount of $165,560,000 under the Bond Resolution. The bond proceeds were used to refund a portion of the Authority's outstanding bonds and to fund the purchase of single family whole loans and mortgage backed securities. On the same date, to secure the liquidity and potential remarketing needs for the 2018 Subseries A-3 variable rate bonds with a principal balance of $47,465,000, CHFA entered into a Stand-By Bond Purchase Agreement with Bank of America, N.A. and Remarketing Agreement with Merrill Lynch Pierce, Fenner & Smith Incorporated.

On April 2, 2018, the Authority entered into a new swap agreement with Bank of New York Mellon. The terms include an effective date of May 15, 2018 with an initial notional balance of $13,705,000. This is an accreting swap that will increase to a notional balance of $80,395,000 by November 15, 2032 and then amortize down to zero by May 15, 2048. The swap has a par termination option that can be exercised after 20 years. The Authority pays 2.2475% fixed and receives 70% of 3-Month Libor.

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

	2017	2016	2015	2014
Proportion of the net pension liability	0.31830%	0.30322%	0.39732%	0.34574%
Proportionate share of the net pension liability	$ 67,069,565	$ 69,628,178	$ 65,653,502	$ 55,368,069
Covered employee payroll	$ 13,305,309	$ 12,735,488	$ 12,402,952	$ 11,599,923
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	504.08%	546.73%	529.34%	477.31%
Plan fiduciary net position as of percentage of total pension liability	36.25%	31.69%	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 FOUR YEARS*

	2017	2016	2015	2014
Contractually required contribution	$ 4,909,189	$ 4,553,783	$ 5,449,857	$ 4,387,091
Amount contributed in relation to contractually required contribution	4,909,189	4,553,783	5,449,857	4,387,091
Contribution deficiency	$ -	$ -	$ -	$ -
Covered employee payroll	$ 13,305,309	$ 12,735,488	$ 12,402,952	$ 11,599,923
Contributions as a percentage of covered employee payroll	36.90%	35.76%	43.94%	37.82%

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

Notes to Schedule

Changes in benefit terms:

For the June 30, 2017 valuation, there were several changes in benefit terms:

a. The annual COLA for those retiring on or after July 1, 2022 is based on the annual rate of increase in CPI-W from 0.0% to 2.0%, plus 60% of the annual rate of increase CPI-W from 3.33% to 6.0%, plus 75% of the annual rate of increase in CPI-W above 6% and with a cap on the COLA rate of 7.5%.

b. A COLA moratorium for those retiring on or after July 1, 2022 for the first 30 months of retirement benefits. If rate of increase in CPI-W exceeds an annualized rate of 5.5% during the initial 18 month period of receiving retirement benefits, the COLA provided beginning with the 31st monthly benefit includes an additional adjustment based on the annual COLA rate as determined above using the annualized rate over the 18 month period. The COLA rate applied is reduced by 2.5% and then multiplied by 1.5 to reflect the 18 month period.

c. Increase to all non-Tier IV members’ contribution rates by 1.5% of compensation effective July 1, 2017 and an additional 0.5% of compensation effective July 1, 2019.

d. In years where employer contributions increase due to poor asset returns, half the increase is applied to the Tier IV member contribution rate, up to 2% in total.

e. Tier IV Hybrid Plan Structure for all new hires (Non-Hazardous and Hazardous) on or after July 1, 2017:

i. Non-Hazardous has same retirement eligibility as Tier III

ii. Non-Hazardous benefit multiplier is 1.3% with no breakpoint

iii. Hazardous duty requires 25 years of service to retire

iv. Employees contribute 3% more than Tier III employees into the Defined Benefit Plan

v. Employers contribute 1% and employees must contribute at least 1% to DC portion of the Hybrid Plan

Changes in assumptions:

	2017	2016	2015	2014
Investment rate of return (net of pension plan investment expense, including inflation)	6.90%	6.90%	8.00%	8.00%
Salary increases	3.50% - 19.5%	3.50% - 19.5%	4.00% - 20.0%	4.00% - 20.0%
Cost of living adjustments	1.95% - 3.25%	2.25% - 3.25%	2.30% - 3.60%	2.30% - 3.60%
Inflation	2.50%	2.50%	2.75%	2.75%

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2017
(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	$ 505	$	$	$	$ 28	$	$	$	$ 533
Mortgage loans receivable	119,407		6,663	588	2,552	361			129,571
Investments in securities	556,362	3,956	16,207	5,918	57,370	987	442		641,242
Real estate owned - multifamily							2,300		2,300
Accrued interest receivable on:									
Mortgage loans	14,972		1,228	201	347	20			16,768
Securities	4,603	4	17	7	75		1		4,707
Due from other funds/component units	2,732							(2,732)	-
Accounts receivable and other assets	60,995		1,149		725		374		63,243
Total current assets	759,576	3,960	25,264	6,714	61,097	1,368	3,117	(2,732)	858,364
Restricted noncurrent assets:									
Mortgage loans receivable, net of current portion	2,731,883		214,619	49,963	58,442	8,780			3,063,687
Investments in securities, net of current portion	1,643,480		18,105		1,808				1,663,393
Capital assets, net of depreciation	3,465								3,465
Real estate owned - single family	14,285		2,198						16,483
Total noncurrent assets	4,393,113	-	234,922	49,963	60,250	8,780	-	-	4,747,028
Total assets	5,152,689	3,960	260,186	56,677	121,347	10,148	3,117	(2,732)	5,605,392
Deferred Outflows of Resources									
Unamortized deferral on bond refundings	91,743				45				91,788
Deferred amount for pensions	22,050								22,050
Total deferred outflows of resources	113,793	-	-	-	45		-	-	113,838
Liabilities									
Current liabilities:									
Escrow deposits and unearned revenue	33,140			801	9,141	739			43,821
Due to other funds/component units		252	60	120			2,300	(2,732)	-
Accrued interest payable	15,304		598	48	115	40			16,105
Accounts payable and accrued liabilities	5,987		134	3	744		98		6,966
Bonds payable	221,896		8,530	697	2,490	397			234,010
Total current liabilities	276,327	252	9,322	1,669	12,490	1,176	2,398	(2,732)	300,902
Noncurrent liabilities									
Escrow deposits and unearned revenue, net of current portion	107,785			2,351	28,491				138,627
Bonds payable, net of current portion	3,830,886		247,298	50,578	62,293	8,838			4,199,893
Derivative instruments - interest rate swaps	110,830								110,830
Net pension liability	67,070								67,070
Total noncurrent liabilities	4,116,571	-	247,298	52,929	90,784	8,838	-	-	4,516,420
Total liabilities	4,392,898	252	256,620	54,598	103,274	10,014	2,398	(2,732)	4,817,322
Deferred Inflows of Resources									
Deferred amount for pensions	10,248								10,248
Derivative Financial Instruments	10,677								10,677
Total deferred inflows of resources	20,925	-	-	-	-	-	-	-	20,925
Net Position									
Net investment in capital assets	3,465								3,465
Restricted by bond indentures and/or enabling legislation	849,194	3,708	3,566	2,079	18,118	134	719		877,518
Total Net Position	$ 852,659	$ 3,708	$ 3,566	$ 2,079	$ 18,118	$ 134	$ 719	$ -	$ 880,983

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2016
(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	$ 453	$	$	$ 51	$ 64	$	$	$	$ 568
Mortgage loans receivable	102,626		8,236	562	1,616	346			113,386
Investments in securities	417,233	4,203	22,167	5,608	51,301	1,608	314		502,434
Real estate owned - multifamily							2,300		2,300
Accrued interest receivable on:									
Mortgage loans	17,690		1,418	176	330	13			19,627
Securities	3,416	2	9	3	32				3,462
Due from other funds/component units	12,507							(12,507)	-
Accounts receivable and other assets	73,240		1,088		717		253		75,298
Total current assets	627,165	4,205	32,918	6,400	54,060	1,967	2,867	(12,507)	717,075
Restricted noncurrent assets:									
Mortgage loans receivable, net of current portion	2,820,445		233,638	50,547	61,362	9,141			3,175,133
Investments in securities, net of current portion	1,301,992		19,756		1,867				1,323,615
Capital assets, net of depreciation	3,567								3,567
Real estate owned - single family	23,082		3,202						26,284
Total noncurrent assets	4,149,086	-	256,596	50,547	63,229	9,141	-	-	4,528,599
Total assets	4,776,251	4,205	289,514	56,947	117,289	11,108	2,867	(12,507)	5,245,674
Deferred Outflows of Resources									
Unamortized deferral on bond refundings	77,721				53				77,774
Deferred amount for pensions	25,240								25,240
Derivative financial instruments	28,305								28,305
Total deferred outflows of resources	131,266	-	-	-	53		-	-	131,319
Liabilities									
Current liabilities:									
Escrow deposits and unearned revenue	27,874			807	13,519	1,412			43,612
Due to other funds/component units		54	68	120	9,907	58	2,300	(12,507)	-
Accrued interest payable	14,317		684	49	115	35			15,200
Accounts payable and accrued liabilities	5,811		880	1	1,276		84		8,052
Bonds payable	107,846		8,410	675	2,040	359			119,330
Total current liabilities	155,848	54	10,042	1,652	26,857	1,864	2,384	(12,507)	186,194
Noncurrent liabilities									
Escrow deposits and unearned revenue, net of current portion	113,744			2,359	19,901				136,004
Bonds payable, net of current portion	3,585,957		277,274	51,233	54,524	9,232			3,978,220
Derivative instruments - interest rate swaps	127,451								127,451
Net pension liability	69,628								69,628
Total noncurrent liabilities	3,896,780	-	277,274	53,592	74,425	9,232	-	-	4,311,303
Total liabilities	4,052,628	54	287,316	55,244	101,282	11,096	2,384	(12,507)	4,497,497
Deferred Inflows of Resources									
Deferred amount for pensions	12,834								12,834
Total deferred inflows of resources	12,834	-	-	-	-	-	-	-	12,834
Net Position									
Net investment in capital assets	3,567								3,567
Restricted by bond indentures and/or enabling legislation	838,488	4,151	2,198	1,703	16,060	12	483		863,095
Total Net Position	$ 842,055	$ 4,151	$ 2,198	$ 1,703	$ 16,060	$ 12	$ 483	$ -	$ 866,662

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017
(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
Operating Revenues									
Interest on mortgage loans	$ 136,074	$	$ 9,340	$ 2,360	$ 3,718	$ 260	$	$	$ 151,752
Interest on investments	49,373	39	219	33	323		3	(2,256)	47,734
Fees and other income	13,882	80			37		233		14,232
Total operating revenues	199,329	119	9,559	2,393	4,078	260	236	(2,256)	213,718
Operating Expenses									
Interest	126,424		8,284	2,017	2,817	138		(2,256)	137,424
Bond issuance costs	7,483				14				7,497
Servicer fees	10,690		792						11,482
Administrative	34,166	562	79						34,807
Provision for losses	2,482		(887)						1,595
Total operating expenses	181,245	562	8,268	2,017	2,831	138	-	(2,256)	192,805
Operating Income (Loss)	18,084	(443)	1,291	376	1,247	122	236		20,913
Nonoperating Revenues (Expenses)									
Net increase (decrease) in the fair value of investments	(6,004)		77		(11)				(5,938)
State and federal program funding	229				5,779	244			6,252
State and federal program expenses	(883)				(5,779)	(244)			(6,906)
Nonoperating income (loss)	(6,658)	-	77	-	(11)	-	-	-	(6,592)
Income (Loss) before Transfers	11,426	(443)	1,368	376	1,236	122	236		14,321
Operating Transfers In (Out)	(822)				822				-
Change in Net Position	10,604	(443)	1,368	376	2,058	122	236	-	14,321
Net Position - Beginning of Year	842,055	4,151	2,198	1,703	16,060	12	483	-	866,662
Net Position - End of Year	$ 852,659	$ 3,708	$ 3,566	$ 2,079	$ 18,118	$ 134	$ 719	$ -	$ 880,983

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016
(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
Operating Revenues									
Interest on mortgage loans	$ 146,681	$	$ 10,442	$ 2,384	$ 3,506	$ 167	$	$	$ 163,180
Interest on investments	38,911	18	98	13	175		1	(2,226)	36,990
Fees and other income	6,345	90			231		146		6,812
Total operating revenues	191,937	108	10,540	2,397	3,912	167	147	(2,226)	206,982
Operating Expenses									
Interest	116,408		9,036	2,035	2,567	97		(2,226)	127,917
Bond issuance costs	7,876				552				8,428
Servicer fees	10,443		760						11,203
Administrative	37,593	425	245						38,263
Provision for losses	17,549		433						17,982
Total operating expenses	189,869	425	10,474	2,035	3,119	97	-	(2,226)	203,793
Operating Income (Loss)	2,068	(317)	66	362	793	70	147	-	3,189
Nonoperating Revenues (Expenses)									
Net increase (decrease) in the fair value of investments	(24,570)		18		(41)				(24,593)
State and federal program funding	288				8,245	202			8,735
State and federal program expenses	(1,276)				(8,245)	(202)			(9,723)
Nonoperating income (loss)	(25,558)	-	18	-	(41)	-	-	-	(25,581)
Income (Loss) before Transfers	(23,490)	(317)	84	362	752	70	147	-	(22,392)
Operating Transfers In (Out)	(932)				932				-
Change in Net Position	(24,422)	(317)	84	362	1,684	70	147	-	(22,392)
Net Position - Beginning of Year	866,477	4,468	2,114	1,341	14,376	(58)	336	-	889,054
Net Position - End of Year	$ 842,055	$ 4,151	$ 2,198	$ 1,703	$ 16,060	$ 12	$ 483	$ -	$ 866,662