ALABAMA HOUSING FINANCE AUTHORITY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

ALABAMA HOUSING FINANCE AUTHORITY
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Warren Averett
CPAs AND ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Alabama Housing Finance Authority

Opinions
We have audited the accompanying statements of net position of the Alabama Housing Finance Authority (a component unit of the State of Alabama), as of September 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Alabama Housing Finance Authority as of September 30, 2022 and 2021, and the respective results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alabama Housing Finance Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audits of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alabama Housing Finance Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alabama Housing Finance Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedules of changes in the Authority's net pension liability and related ratios, and schedule of employer contributions to Authority employees' pension plan on pages 4 through 8, 38, and 39, respectively 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying additional segment data is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Warren Averett, LLC

Montgomery, Alabama
December 12, 2022

Introduction

This section of the annual financial report of the Alabama Housing Finance Authority (the Authority) presents management's discussion and analysis of the financial position and results of operations for the fiscal year ended September 30, 2022. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This analysis should be read in conjunction with the Independent Auditors' Report, financial statements, and accompanying notes. Operations of the Authority include: (1) purchasing and securitizing single-family mortgage loans of qualified borrowers, (2) servicing Authority and other entity mortgages, (3) implementing and managing housing-related Federal Programs, and (4) issuing bonds to purchase loans for single-family residences and multifamily developments. The Authority is an approved seller and servicer with the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac). The Federal Programs managed by the Authority are Low-Income Housing Tax Credits, the HOME Investment Partnerships Program (HOME), the Tax Credit Assistance Program (TCAP), the Exchange Grant Program, the Hardest Hit Alabama Program (Hardest Hit Alabama), the Housing Trust Fund (HTF), the Emergency Rental Assistance Alabama Programs (ERA and ERA2), the Mortgage Assistance Alabama Program (MAA) and the HOME Investment Partnerships – American Rescue Plan Program (HOME-ARP). The Authority is entirely self-funded and does not draw upon the general taxing authority of the State of Alabama.

The financial transactions of the Authority are recorded in the funds, which consist of a separate set of self-balancing accounts that comprise its assets and deferred outflows, liabilities and deferred inflows, net position, revenues, and expenses as appropriate.

Required Basic Financial Statements

The basic financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer information about the Authority's activities. The statements of net position include all of the Authority's assets and liabilities and provide information about the nature and amounts of investments in resources (assets), consumption of net position that is applicable to future reporting periods (deferred outflows), obligations to Authority creditors (liabilities), and the acquisition of net position that is applicable to future reporting periods (deferred inflows). The assets and liabilities are presented in order of liquidity.

All of the reporting period's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the activities of the Authority's operations over the past year and presents the resulting change in net position – calculated as revenues less expenses.

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

Condensed Financial Information

Statements of Net Position

The following table presents condensed information about the net position of the Authority as of September 30, 2022 and 2021, and changes in the balances of selected items during the fiscal year ended September 30, 2022 ($ in thousands):

CONDENSED STATEMENTS OF NET POSITION

	2022	2021 (as restated)	Change
ASSETS			
CURRENT ASSETS			
Cash on deposit and restricted cash on deposit	$ 46,403	$ 33,540	$ 12,863
Accrued interest receivable and restricted accrued interest receivable	16,823	17,010	(187)
Mortgage loans, net	59,094	103,859	(44,765)
Restricted Federal program loans receivable, net	26,504	25,558	946
Investments and restricted investments	362,690	526,961	(164,271)
Other assets and restricted other assets, net	10,015	7,724	2,291
Total current assets	521,529	714,652	(193,123)
NONCURRENT ASSETS			
Mortgage loans receivable, net and restricted mortgage-backed securities	83,197	108,662	(25,465)
Restricted Federal program loans receivable, net	304,018	317,378	(13,360)
Investments and restricted investments	860	956	(96)
Other assets and restricted other assets, net	4,672	8,488	(3,816)
Mortgage servicing rights, net	37,996	42,157	(4,161)
Total noncurrent assets	430,743	477,641	(46,898)
TOTAL ASSETS	952,272	1,192,293	(240,021)
DEFERRED OUTFLOWS			
Pension-related deferred outflows	4,797	4,181	616
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 957,069	$ 1,196,474	$ (239,405)
LIABILITIES			
CURRENT LIABILITIES			
Bonds payable, net	$ 699	$ 806	$ (107)
Obligations under reverse repurchase agreements	35,945	44,600	(8,655)
Refundable Federal program grants	26,504	25,558	946
Accrued interest payable	16,394	16,452	(58)
Right-to-use lease liability	713	641	72
Other liabilities	6,608	7,200	(592)
Total current liabilities	86,863	95,257	(8,394)
NONCURRENT LIABILITIES			
Bonds payable, net	8,313	10,356	(2,043)
Refundable Federal program grants, net	408,343	643,805	(235,462)
Unearned compliance and commitment fees, net	9,785	7,762	2,023
Right-to-use lease liability	6,321	7,035	(714)
Total noncurrent liabilities	432,762	668,958	(236,196)
TOTAL LIABILITIES	519,625	764,215	(244,590)
DEFERRED INFLOWS			
Pension-related deferred inflows	193	1,102	(909)
TOTAL LIABILITIES AND DEFERRED INFLOWS	519,818	765,317	(245,499)
NET POSITION			
Investment in capital assets, net	280	463	(183)
Restricted	189,988	142,592	47,396
Unrestricted	246,983	288,102	(41,119)
Total net position	437,251	431,157	6,094
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 957,069	$ 1,196,474	$ (239,405)

Statements of Net Position – Continued

Current assets decreased $193,123,000 from September 30, 2021 to September 30, 2022, due to decreases in mortgage loans, net and investments and restricted investments. The decrease in mortgage loans, net is due to a decrease in purchase volume of loans held for sale as a result of an increase in interest rates. The decrease in investments and restricted investments is due to the expenditure of federal funds under the ERA, ERA2 and MAA programs.

Noncurrent assets decreased $46,898,000, primarily due to decreases in mortgage loans receivable, net and restricted mortgage-backed securities and restricted Federal program loans receivable, net. The decrease in mortgages loans receivable, net and restricted mortgage-backed securities resulted from normal paydowns and prepayments. The decrease in restricted Federal program loans receivable, net decreased due to paydowns and prepayments of HOME mortgages and the scheduled forgiveness of Hardest Hit Alabama loans.

Current liabilities decreased $8,394,000 due to regular principal payments made to reduce the outstanding balance of obligations under reverse repurchase agreements.

Noncurrent liabilities decreased $236,196,000, primarily due to a decrease in refundable Federal program grants, net. This decrease in refundable Federal program grants, net is due to the expenditure of federal funds under the ERA, ERA2 and MAA programs.

Operating and Nonoperating Revenues, Expenses, and Changes in Net Position

The following table presents condensed statements of revenues, expenses, and changes in net position for the Authority for the years ended September 30, 2022 and 2021, and the change from the prior year ($ in thousands):

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2022	2021 (as restated)	Change
OPERATING REVENUES			
Interest on mortgage loans and mortgage-backed securities	$ 6,745	$ 7,598	$ (853)
Investment income	1,643	49	1,594
Net realized and unrealized gain (loss) on investments and mortgage servicing rights	(3,884)	3,493	(7,377)
Loan servicing fees and other income	36,456	37,276	(820)
Total operating revenues	40,960	48,416	(7,456)
OPERATING EXPENSES			
Interest	1,262	1,214	48
Amortization of mortgage servicing rights	8,977	12,645	(3,668)
Program, general, and administrative	37,339	37,190	149
Total operating expenses	47,578	51,049	(3,471)
OPERATING INCOME (LOSS)	(6,618)	(2,633)	(3,985)
NONOPERATING REVENUES (EXPENSES)			
Federal program grants	215,010	62,867	152,143
Federal program expenditures	(202,298)	(57,067)	(145,231)
Net nonoperating revenues	12,712	5,800	6,912
CHANGES IN NET POSITION	6,094	3,167	2,927
NET POSITION			
Beginning of year, as restated	431,157	427,990	3,167
End of year	$ 437,251	$ 431,157	$ 6,094

Operating and Nonoperating Revenues, Expenses, and Changes in Net Position – Continued

Operating revenues decreased $7,456,000. The decrease in interest on mortgage loans and mortgage-backed securities is due to a decrease in loan purchase volume and the scheduled paydowns of mortgage-backed securities. The increase in investment income was driven by an increase in interest rates. The decrease in net realized and unrealized gain (loss) on investments and mortgage servicing rights resulted from a decrease in the related carrying value of mortgage-backed securities. The decrease in loan servicing fees and other income was driven by a decrease in loan portfolio as a result of loan payoff volume.

Operating expenses decreased $3,471,000. The decrease to amortization of mortgage servicing rights was driven by a decreased volume of early loan payoffs. Program, general and administrative expenses increased as a result of an increase in rates paid on mortgage servicing rights and an increase in rates charged by general and administrative vendors.

As a result of the aforementioned factors, operating loss increased $3,985,000 from September 30, 2021 to September 30, 2022.

Nonoperating revenues increased $6,912,000. The increase was the result of loan paydowns and prepayments received under the HOME program and investment income from federal program funds.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2022 AND 2021
($ in thousands)

	2022	2021 (as restated)
ASSETS		
CURRENT ASSETS		
Cash on deposit	$ 11,190	$ 10,603
Accounts receivable, net	224	602
Accrued interest receivable	150	153
Mortgage loans receivable, net	3,950	4,250
Mortgage loans held for sale	55,144	99,609
Investments	115,404	106,100
Other assets	9,424	6,746
Restricted:		
Cash on deposit	35,213	22,937
Accrued interest receivable	16,673	16,857
Investments	247,286	420,861
Other assets	367	376
Federal program loans receivable, net	26,504	25,558
Total current assets	521,529	714,652
NONCURRENT ASSETS		
Mortgage loans receivable, net	23,094	24,325
Other assets, net	4,392	8,025
Mortgage servicing rights, net	37,996	42,157
Restricted:		
Mortgage-backed securities	60,103	84,337
Investments	860	956
Other assets	280	463
Federal program loans receivable, net	304,018	317,378
Total noncurrent assets	430,743	477,641
TOTAL ASSETS	952,272	1,192,293
DEFERRED OUTFLOWS		
Pension-related deferred outflows	4,797	4,181
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 957,069	$ 1,196,474

See notes to the financial statements.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2022 AND 2021
($ in thousands)

	2022	2021 (as restated)
LIABILITIES		
CURRENT LIABILITIES		
Bonds payable, net	$ 699	$ 806
Obligations under reverse repurchase agreements	35,945	44,600
Refundable Federal program grants	26,504	25,558
Accrued interest payable	16,394	16,452
Right-to-use lease liability	713	641
Other liabilities	6,608	7,200
Total current liabilities	86,863	95,257
NONCURRENT LIABILITIES		
Bonds payable, net	8,313	10,356
Refundable Federal program grants, net	408,343	643,805
Unearned compliance and commitment fees, net	9,785	7,762
Right-to-use lease liability	6,321	7,035
Total noncurrent liabilities	432,762	668,958
TOTAL LIABILITIES	519,625	764,215
DEFERRED INFLOWS		
Pension-related deferred inflows	193	1,102
TOTAL LIABILITIES AND DEFERRED INFLOWS	519,818	765,317
NET POSITION		
Investment in capital assets, net	280	463
Restricted	189,988	142,592
Unrestricted	246,983	288,102
Total net position	437,251	431,157
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 957,069	$ 1,196,474

See notes to the financial statements.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
($ in thousands)

	2022	2021 (as restated)
OPERATING REVENUES		
Interest on mortgage loans	$ 3,205	$ 3,060
Interest on mortgage-backed securities	3,540	4,538
Investment income	1,643	49
Net realized and unrealized gain (loss) on investments and mortgage servicing rights	(3,884)	3,493
Loan servicing fees and other income	36,456	37,276
Total operating revenues	40,960	48,416
OPERATING EXPENSES		
Interest	1,262	1,214
Amortization of mortgage servicing rights	8,977	12,645
Program, general, and administrative	37,339	37,190
Total operating expenses	47,578	51,049
OPERATING LOSS	(6,618)	(2,633)
NONOPERATING REVENUES (EXPENSES)		
Federal program grants	215,010	62,867
Federal program expenditures	(202,298)	(57,067)
Net nonoperating revenues	12,712	5,800
CHANGES IN NET POSITION	6,094	3,167
NET POSITION		
Beginning of year, as restated	431,157	427,990
End of year	$ 437,251	$ 431,157

See notes to the financial statements.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
($ in thousands)

INCREASE (DECREASE) IN CASH ON DEPOSIT

	2022	2021 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Principal payments received on mortgage-backed securities	$ 16,013	$ 18,586
Purchase of mortgage loans	(17,342)	(19,274)
Principal payments received on mortgage loans	19,567	24,764
Purchase of mortgage loans held for sale	(885,291)	(1,056,917)
Proceeds from sale of mortgage loans held for sale	929,770	1,001,781
Purchase of mortgage servicing rights	(8,463)	(9,517)
Proceeds from sale of mortgage servicing rights, net	497	1
Interest received from mortgage loans	3,208	3,018
Interest received from mortgage-backed securities	3,606	4,656
Cash paid to suppliers for goods and services	(24,877)	(24,784)
Cash payments to employees for services	(9,890)	(9,393)
Loan servicing fees, commitment fees, and other income received	38,394	36,724
Net cash provided by (used in) operating activities	65,192	(30,355)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal payments on bonds	(2,149)	(2,073)
Principal payments on repurchase agreements	(8,655)	(7,750)
Proceeds from Federal program grants, net	219,487	387,572
Payments of Federal program grants, net	(430,686)	(55,799)
Interest paid	(801)	(790)
Net cash provided by (used in) noncapital financing activities	(222,804)	321,160
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on right-to-use lease liability	(642)	(579)
Interest paid	(401)	(435)
Purchase of furniture and equipment	(71)	(173)
Net cash used in capital and related financing activities	(1,114)	(1,187)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(947,591)	(1,027,751)
Proceeds from sales of investments	1,111,412	739,057
Interest received from investments	7,768	5,937
Net cash provided by (used in) investing activities	171,589	(282,757)

See notes to the financial statements.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
($ in thousands)

	2022	2021 (as restated)
NET INCREASE IN CASH ON DEPOSIT	$ 12,863	$ 6,861
CASH ON DEPOSIT AT BEGINNING OF YEAR	33,540	26,679
CASH ON DEPOSIT AT END OF YEAR	$ 46,403	$ 33,540
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	$ (6,618)	$ (2,633)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	254	345
Amortization and expense of mortgage servicing rights	13,516	15,817
Gross unrealized loss on mortgage-backed securities and investments	8,768	2,462
Gross unrealized (gain) loss on mortgage loans held for sale	435	(83)
Net change in unrealized loss on derivative instruments	-	3
Realized gain on mortgage servicing rights	(497)	(1)
Provision for loan losses, net	992	439
Interest received from investments	(6,466)	(5,923)
Interest paid on bonds and right-to-use lease liability	1,202	1,225
Changes in operating assets and liabilities:		
Accrued interest receivable	186	406
Mortgage loans receivable	2,226	5,489
Mortgage loans held for sale	44,479	(55,136)
Mortgage servicing rights, net	(7,966)	(9,516)
Mortgage-backed securities	16,013	18,586
Other assets and accounts receivable, net	(1,694)	(3,732)
Accrued interest payable	(56)	(342)
Deferred inflows/outflows	(1,525)	2,918
Other liabilities	(80)	229
Unearned compliance and commitment fees, net	2,023	(908)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 65,192	$ (30,355)

See notes to the financial statements.

1. AUTHORITY LEGISLATION

The Alabama Housing Finance Authority (the Authority) is a public corporation created, organized, and existing under Act No. 80-585 (the Act) originally enacted by the Legislature of the State of Alabama at its 1980 regular session. Pursuant to the Act, as amended, the Authority is authorized, among other things, to issue bonds to finance residential housing for persons and families of low and moderate income in the State of Alabama. The Authority is a component unit of the State of Alabama.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority's accounts are organized as funds, which include accounts of the assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses of the Authority's single-family bond programs (Single Family Programs), Federal Programs, the Housing Assistance Fund, and the General Fund. Each Program Fund accounts for the proceeds from the bonds issued, the debt service requirements of the bonds and the related program investments, as required by the various bond resolutions established under the various trust indentures of each program.

The Authority uses the accrual method of accounting. The Authority's funds – Single Family Programs, Federal Programs, Housing Assistance, and General – have been presented on a combined basis, as the Authority is considered a single enterprise fund for financial reporting purposes. Current assets include cash and amounts convertible into cash during the next normal operating cycle or one year. Current liabilities include those obligations to be liquidated with current assets. All inter-fund balances and transactions have been eliminated in the accompanying financial statements. Revenues and expenses from the Single Family Programs, Housing Assistance, and General funds are reported as operating revenues and expenses.

Federal Program receipts are recognized in proportion to Federal Program expenditures as incurred. Federal Program activities are reported in nonoperating revenues (expenses) in the accompanying financial statements, in accordance with Governmental Accounting Standards Board (GASB) No. 24, *Accounting and Financial Reporting for Certain Grants and Financial Assistance*.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect 1) the reported amounts of assets and liabilities, 2) the disclosure of contingencies at the date of the financial statements, and 3) revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Application and Measurement
Fair value is applied to assets and liabilities that the Authority holds primarily for the purpose of income or profit and that have a present service capacity based solely on their ability to generate cash or to be sold to generate cash. The Authority categorizes its fair value measurements within the value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based upon valuation inputs used to measure the fair value of the respective asset or liability. Level 1 inputs include quoted prices in active markets for identical assets. Level 2 inputs include observable inputs other than quoted prices included in Level 1 inputs. Level 3 inputs include unobservable inputs.

Cash on Deposit
Cash on deposit represents funds on deposit with various financial institutions and uninvested funds held by the Trustees of the Authority's various bond programs. At September 30, 2022, all cash on deposit held by the Authority's trustees was in the name of the Authority. Cash on deposit consists of unrestricted and restricted cash totaling $46,403,000 and $33,540,000 as of September 30, 2022 and 2021, respectively. All cash on deposit at September 30, 2022 and 2021, was covered by federal depository insurance or collateralized by the various financial institutions.

Investments
The Act authorizes the Authority to invest in bonds or other obligations issued or guaranteed by the U.S. Government, any agency thereof, or the State of Alabama. In addition, the Authority may invest in interest-bearing bank and savings and loan association deposits, any obligations in which a State chartered savings and loan association may invest its funds, any agreement to repurchase any of the foregoing, or any combination thereof. Each of the trust indentures established under the Authority's bond programs contains further restrictions on the investment of nonexpended bond proceeds; however, each trust indenture must be consistent with the Authority's authorizing legislation with respect to the definition of eligible investments.

Investments consist of temporary and debt service reserve funds established under the provisions of various trust indentures and investments of the Authority's General and Housing Assistance funds. All investments are reported at fair value.

The Authority follows the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 addresses disclosures on deposits and investments, focusing on common investment risks related to interest rate risk, credit risk, custodial credit risk, foreign currency risk, and concentration of credit risk.

Mortgage-Backed Securities
Mortgage-backed securities consist of Ginnie Mae and Fannie Mae pass-through certificates, substantially all of which are pledged either as security for the mortgage revenue bonds or for obligations under reverse repurchase agreements. The fair value of program investments is based on quoted market prices obtained from an independent financial news and information service, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Mortgage-Backed Securities – Continued
In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments, including mortgage-backed securities, are recorded at fair value, and unrealized gains or losses are reported in the statements of revenues, expenses, and changes in net position. The Authority records a portion of net unrealized gains on investment securities as a liability to the extent that such gains would be rebateable to the United States government under Section 103A of the Internal Revenue Code, as amended (the Code), for tax-exempt bond issues sold after 1981. The Code requires that such excess investment earnings be rebated to certain single-family borrowers upon payoff of their respective mortgages or remitted to the Internal Revenue Service. Gains on sales of securities in these bond issues would create excess rebateable earnings. There were no such rebateable earnings for the years ended September 30, 2022 or 2021.

Commitment Fees
Returnable commitment fees are deferred and recognized as income at the time they are no longer returnable. Commitment fees related to loans pooled and sold in secondary markets are recognized upon receipt.

Mortgage Loans Receivable
Mortgage loans that the Authority has the ability and intent to hold for the foreseeable future are carried at their unpaid principal balances less an allowance for loan losses. Management determines the allowance for loan losses based on historical losses and current economic conditions as well as its evaluation of the loan portfolio and the underlying security.

Mortgage Loans Held for Sale
Mortgage loans held for sale are recorded at the lower of cost or fair value. The Authority routinely enters into contracts with various investors to sell these loans in secondary markets and had commitments to deliver mortgage-backed securities at September 30, 2022. The fair value of committed loans is based upon commitment prices. See note 9, Derivative Instrument.

Derivative Instruments
The Authority enters into various forward sales contracts as part of its overall funding strategy. The objective of these financial instruments is to hedge the interest rate risk inherent in purchasing mortgage loans held for sale. The Authority has recorded the fair market value of its derivative investments on the financial statements and has evaluated and measured their effectiveness.

Federal Programs Loans Receivable
HOME Program loans are designed to assist very low-income tenants, and, as such, some mortgages originated under the program are structured in such a way that repayment will only occur in limited circumstances.

The TCAP Program, authorized by the American Recovery and Reinvestment Act of 2009, is designed to assist housing developments financed with Low-Income Housing Tax Credits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Federal Programs Loans Receivable – Continued
The Hardest Hit Alabama Fund, authorized by the U.S. Department of Treasury, was designed to provide forgivable funds to help families in states hardest hit by the foreclosure crisis in conjunction with high unemployment rates. All Hardest Hit Alabama financial assistance was forgiven at or before the program's closure in December 2021.

The ERA and ERA2 Programs, authorized by the U.S. Department of Treasury, are designed to provide rental and utility assistance grants to tenants affected by the coronavirus.

The MAA Program, authorized by the U.S. Department of Treasury, is designed to provide mortgage assistance grants to homeowners affected by the coronavirus.

The HOME-ARP Program, authorized by the U.S. Department of Housing and Urban Development (HUD), is designed to assist individuals or households who are homeless or at risk of being homeless by providing housing or rental assistance.

Right-To-Use Capital Assets and Lease Liabilities
The Authority is party to leases of nonfinancial assets as a lessee. The Authority recognizes a lease liability and an intangible right-to-use lease asset in the statements of net position.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with unrestricted noncurrent assets, and lease liabilities are reported within current and noncurrent liabilities on the statements of net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Principles

GASB has issued the following standards effective for fiscal year 2022:

GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,* and GASB Statement No. 98*, The Annual Comprehensive Financial Report*. The Authority implemented GASB Statement No. 87, *Leases* in fiscal year 2022 and the effects can be seen in note 12, Right-To-Use Lease Liability. In the opinion of the management, the other standards do not have a material impact on the Authority's financial position given current operations and obligations.

GASB has issued the following standards effective for fiscal year 2023:

GASB Statement No. 99, *Omnibus 2022*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Management elected to early adopt GASB Statement No. 93, *Replacement of Interbank Offered Rates*. In the opinion of the management, this standard does not have a material impact on the Authority's financial position given current operations and obligations. Management has not studied fully the other standards but is of the opinion that any impact will be minimal.

GASB has issued the following standards effective for fiscal year 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62,* and GASB Statement No. 101*, Compensated Absences.* Management has not studied fully the standards but is of the opinion that any impact will be minimal.

Debt Financing Costs

The Authority follows the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Issuance costs on bonds are expensed as incurred.

Mortgage Loan Servicing

As of September 30, 2022 and 2021, the Authority serviced $5,475,647,000 and $5,596,071,000, respectively, in mortgage loans. Escrow balances associated with these loans are not included in the statements of net position of the Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Mortgage Loan Servicing – Continued

The mortgage loan servicing portfolio by state consisted of the following at September 30, 2022 ($ in thousands):

Alabama	$ 1,076,208	20%
Arkansas	629,579	11%
Mississippi	227,216	4%
Missouri	741,849	14%
North Carolina	2,794,625	51%
Other	6,170	0%
	$ 5,475,647	100%

The mortgage loan servicing portfolio by state consisted of the following at September 30, 2021 ($ in thousands):

Alabama	$ 1,108,909	20%
Arkansas	452,263	8%
Mississippi	254,812	5%
Missouri	911,788	16%
North Carolina	2,865,300	51%
Other	2,999	0%
	$ 5,596,071	100%

As a result of the coronavirus, the Federal Housing Administration (FHA) and the Federal Housing Finance Authority (FHFA) offered forbearance, loss mitigation options and implemented a moratorium on single family foreclosures and evictions. The Authority is working with homeowners who are experiencing financial hardships and will continue these efforts into 2023.

Mortgage Servicing Rights

The Authority follows the provisions of GASB Statement No. 62, entitled *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements.* In accordance with those standards, the cost of mortgage servicing rights is amortized in proportion to, and over the period of, estimated net servicing revenue. The amount originally capitalized is adjusted based on whether related loans are pooled and sold in secondary markets or maintained by the Authority.

Other Real Estate Owned

The Authority states its other real estate owned acquired through foreclosure without further obligation to security holders, which is included in noncurrent other assets, net, at the lower of cost or fair value at the date of foreclosure. Fair value is determined based on independent appraisals and other relevant factors. Any write-down to fair value is charged to the allowance for loan losses. The Authority held properties totaling approximately $30,000 and $73,000 at September 30, 2022 and 2021, respectively, net of the allowance for loan losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pool Buyouts
The Authority holds certain mortgages purchased out of respective Ginnie Mae, Freddie Mac, or Fannie Mae pooled loans being serviced by the Authority. These are insured loans that are in the process of foreclosure for which the Authority anticipates receiving claim proceeds from the respective investor or guarantor. As a result of the FHA and FHFA moratoriums on single family foreclosures and evictions, the Authority's loan loss reserve was approximately $4,837,000 and $3,193,000 at September 30, 2022 and 2021, respectively.

Deferred Outflows of Resources
Deferred outflows of resources include pension-related deferred outflows, which result from the Authority's Employees' Pension Plan (Pension Plan). Pension-related deferred outflows represent differences between expected and actual experience, changes in assumptions and amounts resulting from timing differences of contributions made subsequent to the Pension Plan measurement dates but as of the date of the basic financial statements. Pension-related deferred outflows are recognized over a closed period and are amortized over the remaining average service life of all participating active and inactive employees.

Deferred Inflows of Resources
Deferred inflows of resources include pension-related deferred inflows, which represent the difference between projected and actual earnings on investments within the Pension Plan, are recognized over a closed period, and are amortized over a five-year period.

Net Pension Liability
Net pension liability represents the portion of the present value of projected benefit payments attributed to past periods of service to be provided through the Pension Plan to current active and inactive employees less the fiduciary net position of the Pension Plan. It represents the Authority's total pension liability minus the fiduciary net position available to pay that liability. Investments that comprise the fiduciary net position are reported at fair value.

Pension Plan Expense
The Authority is required to measure and disclose amounts relating to net pension liability, deferred outflows of resources and deferred inflows of resources, pension expense, and the fiduciary net position of the Pension Plan. Actuarially determined periodic contributions are made by the Authority in order to maintain sufficient assets to pay benefits when due.

Subsequent Events
The Authority has evaluated subsequent events through December 12, 2022, which is the date the financial statements were available to be issued.

3. MORTGAGE-BACKED SECURITIES

Mortgage-backed securities held by the Authority include securitized mortgage obligations, backed by pools of single-family mortgage loans originated under the Authority's program guidelines. These securities are "fully modified pass-through" mortgage-backed securities which require monthly payments by an FHA-approved or a Fannie Mae-approved lender, as the issuers of the guaranteed securities, and are registered in the Authority's name. Ginnie Mae and Fannie Mae guarantee timely payment of principal and interest on guaranteed securities. At September 30, 2022, mortgage-backed securities consisted of program certificates with interest rates ranging from 4.13% to 7.93%. The cost of program investments at September 30, 2022 and 2021, was $59,378,000 and $75,391,000, respectively.

Fair value of the Authority's mortgage-backed securities is measured by Level 1 inputs based upon quoted prices in active markets. As a result of changes in the fair value of mortgage-backed securities, the Authority recorded net unrealized losses of $8,222,000 and $2,439,000 for the years ended September 30, 2022 and 2021, respectively. Interest rates may adversely affect the fair value of the mortgage-backed securities; however, it is the intention of the Authority to hold these securities until the underlying loans are paid in full.

4. INVESTMENTS

Investments consisted of the following at September 30 ($ in thousands):

Investment Type	2022	% of Total	2021	% of Total
Money Market Funds	$ 248,988	68%	$ 526,961	100%
US Treasury Securities	114,562	32%	956	0%
	$ 363,550	100%	$ 527,917	100%

Fair Value

The fair value of the Authority's investments is measured by Level 1 inputs based upon quoted prices in active markets and consisted of the following at September 30 ($ in thousands):

Investments	2022	2021
Dreyfus US Treasury	$ -	$ 2,795
Federated Government Obligations	115,404	106,100
Federated US Treasury Cash Reserves	115,305	334,446
Federated Money Market	243	281
First American Government Obligations	18,036	83,339
US Treasury Securities	114,562	956
Total investments	$ 363,550	$ 527,917

4. INVESTMENTS – CONTINUED

Fair Value – Continued

The cost of investments at September 30, 2022 and 2021, was $363,975,000 and $527,796,000, respectively. As a result of changes in the fair value of investments, the Authority recorded net unrealized losses of $546,000 and $23,000 for the years ended September 30, 2022 and 2021, respectively.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Authority. Investments for each bond issue are those permitted by the various bond indentures and rating agencies. (See "Summary of Significant Accounting Policies – Investments" for additional information concerning permitted investments of the Authority.) As of September 30, 2022, the Authority's investments in money market funds and US Treasury Securities were rated Aaa by Moody's Investor Services meeting the criteria of the Authority and the respective bond issue rating agencies.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of the investment portfolio. Investment maturities will coincide with anticipated debt service payment dates and expected cash flow obligations associated with the respective bond maturities and obligations for the Authority's bond programs and other funds. Trust indentures, market conditions, rates of return, interest rate spreads, and other factors influence maturity selection for all funds in excess of those required to meet projected cash flow obligations. Investments are generally designed to match the life of their related liabilities at fixed interest-rate spreads. Longer-term maturity investments provide sufficient monthly cash flows to meet any short-term obligations.

		Investment Maturities in Years ($ in thousands)			
Investment Type	Fair Value	Less than 1	1—5	6—10	More than 10
Money Market Funds	$ 248,988	$ 248,988	$ -	$ -	$ -
US Treasury Securities	114,562	113,702	860	-	-
	$ 363,550	$ 362,690	$ 860	$ -	$ -

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the use of a custodial agent, the Authority may not be able to recover the value of its investments or collateral securities that are in possession of that outside party. All investments in the General and Housing Assistance funds are held in safekeeping or custodial accounts at approved safekeeping agents of the Authority in the Authority's name. All investments in the Authority's bond issues are registered in the name of the issues' designated trustee.

4. INVESTMENTS – CONTINUED

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in a single type of security. The table below lists all investments by investment provider and type as of September 30, 2022 ($ in thousands).

Provider	Money Market Funds	US Treasury Securities	Total	Percent
Federated Government Obligations	$ 115,404	$ -	$ 115,404	32%
Federated U.S. Treasury Cash Reserves	115,305	-	115,305	32%
Federated Money Market	243	-	243	0%
First American Government Obligations	18,036	-	18,036	5%
US Treasury Securities	-	114,562	114,562	31%
Total	$ 248,988	$ 114,562	$ 363,550	100%

Investments are classified in the accompanying statements of net position as follows ($ in thousands):

	2022	2021
Current assets – investments	$ 115,404	$ 106,100
Current assets – restricted investments	247,286	420,861
Noncurrent assets – restricted investments	860	956
	$ 363,550	$ 527,917

5. MORTGAGE LOANS

The Authority's single-family programs are designed to provide mortgage loans to qualified homebuyers within the State of Alabama. The Authority's guidelines generally require the mortgage loans to be either FHA-insured, guaranteed by the Department of Veterans Affairs, USDA Rural Development insured or conventionally financed with traditional primary mortgage insurance.

The Authority's single-family financing program guidelines allow for down payment assistance of up to 4.0% of the sales price and a maximum amount of $10,000. Current program guidelines require the loan to bear the same interest rate as the first mortgage of the property being purchased and be amortized over a 10-year period with 120 equal monthly principal and interest payments.

The Authority provides permanent financing of home mortgages to Alabama Habitat for Humanity affiliates to help further the affiliates goal of providing safe, decent, and affordable housing to low-income Alabamians. The loans bear an interest rate of 0% and require equal monthly principal payments over the life of the loan and must not exceed a 30-year term.

5. MORTGAGE LOANS – CONTINUED

Mortgage loans receivable, net of the allowance for loan losses consisted of the following at September 30 ($ in thousands):

	2022	2021
Mortgage loans receivable (3.25% to 8.20%):		
Conventional	$ 2,133	$ 2,455
Down payment assistance/Habitat for Humanity loans (0% to 6.88%)	27,218	29,195
	29,351	31,650
Less allowance for loan losses	(2,307)	(3,075)
Total mortgage loans receivable, net	$ 27,044	$ 28,575

Mortgage loans receivable are classified in the accompanying statements of net position as follows ($ in thousands):

	2022	2021
Current assets – Mortgage loans receivable, net	$ 3,950	$ 4,250
Noncurrent assets – Mortgage loans receivable, net	23,094	24,325
	$ 27,044	$ 28,575

Mortgage loans held for sale to be securitized as mortgage-backed securities and sold for the Authority are reported at fair value measured by Level 2 inputs based on observable quoted prices of similar assets. Mortgage loans held for sale to be securitized as mortgage-backed securities for other entities are reported at cost. Mortgage loans held for sale were $55,144,000 and $99,609,000 as of the years ended September 30, 2022 and 2021, respectively.

6. OBLIGATIONS UNDER REVERSE REPURCHASE AGREEMENTS

Obligations under reverse repurchase agreements represent obligations whereby the Authority enters into a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The Authority had obligations under reverse repurchase agreements of $35,945,000 and $44,600,000 as of September 30, 2022 and 2021, respectively, which were collateralized by securities with fair values totaling $37,759,000 and $50,254,000, as of the years ended September 30, 2022 and 2021, respectively.

6. OBLIGATIONS UNDER REVERSE REPURCHASE AGREEMENTS – CONTINUED

The market value of the securities underlying the reverse repurchase agreements normally exceeds the cash received, providing the dealer a margin against a decline in the market value of the securities. If the dealer defaults on their obligation to resell these securities to the Authority or provide securities or cash of equal value, the Authority would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. There was no credit exposure as of September 30, 2022 and 2021.

7. BONDS PAYABLE

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

Bonds payable consisted of the following at September 30 ($ in thousands):

	Aggregate Principal Outstanding		Original Maturity
	2022	**2021**	**Value**
Single-family bond programs:			
2000/2003 Step Up Program (4.42% to 7.80%), due 2032 to 2036	$ 7,913	$ 10,057	$ 128,927
2016 Series A (2.43%), due 2026	1,000	1,000	1,000
2003 First Step Program (4.82% to 5.09%), due 2036	99	105	793
	9,012	11,162	
Less current maturities	(699)	(806)	
Noncurrent maturities	$ 8,313	$ 10,356	

7. BONDS PAYABLE – CONTINUED

Principal and interest payments on bonds after 2022 are scheduled as follows ($ in thousands):

Fiscal Year Ending September 30	Principal	Interest
2023	$ 699	$ 465
2024	-	472
2025	-	472
2026	1,000	472
2027	-	448
Thereafter	7,313	3,020
	$ 9,012	$ 5,349

8. NET POSITION

The Authority's net position is comprised of the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. The net position is classified in the following three components: investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Investment in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net position consists of all other net position not included in the above categories.

The various trust indentures generally permit transfers to the Authority's General fund for administrative fees and reimbursements of costs associated with the administration of the bond programs. Otherwise, the cash and investments of the various program funds are retained in the trust indentures to satisfy debt service obligations with respect to the applicable bonds, and are restricted to this purpose. Such amounts are reflected as restricted components of net position.

9. DERIVATIVE INSTRUMENTS

At September 30, 2022, the Authority had $21,203,000 in forward sales commitments to issue Ginnie Mae and Freddie Mac securities securitized by single-family loans. These instruments are utilized to hedge changes in fair value of mortgage loans held for sale and interest rate risk on commitments to purchase mortgage loans from originating mortgage lenders. The Authority is subject to market value fluctuations in the event that mortgage loans are not originated as expected and the committed securities cannot be delivered.

9. DERIVATIVE INSTRUMENTS – CONTINUED

The Authority is subject to credit risk with respect to counterparties to the forward sales commitment contracts summarized as follows ($ in thousands):

Delivery Date	Coupon Rate	Outstanding Notional Amount	Fair Values	Counterparty Credit Rating
Freddie Mac				
October 2022	5.875%	$ 175	$ (3)	AAA
October 2022	5.875%	184	(2)	AAA
October 2022	6.125%	344	3	AAA
		703	(2)	
Ginnie Mae				
October 2022	5.5%	4,000	(196)	A1
October 2022	5.5%	3,000	(69)	A1
October 2022	5.5%	3,000	(141)	A-
November 2022	5.5%	4,000	(184)	A-
November 2022	6.0%	2,000	(67)	A1
November 2022	6.5%	2,000	(15)	A1
December 2022	6.0%	1,500	(6)	A1
December 2022	6.5%	1,000	(7)	A1
		20,500	(685)	
		$ 21,203	$ (687)	

10. CONDUIT DEBT

From time to time, the Authority issues bonds to provide multifamily housing for the citizens of Alabama. The Authority functions as a conduit to provide tax-exempt financing. These bonds do not constitute a debt or pledge of the faith and credit of the Authority or the State of Alabama, and accordingly, have not been reported in the accompanying financial statements.

The Authority does not actively monitor the operating performance or financial condition of the multifamily properties financed by the bonds. Multifamily mortgage loans are collateralized by varying methods, including first liens on multifamily residential rental properties located within the State of Alabama, short-term investments, letters of credit, surety bonds, and guarantees provided by third parties. The Authority has no obligation for the bonds beyond these resources.

10. CONDUIT DEBT – CONTINUED

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

Conduit debt consisted of the following at September 30 ($ in thousands):

	Aggregate Principal Outstanding		Original Maturity
	2022	2021	Value
2000 Series A (variable), due 2030	$ 4,500	$ 4,800	$ 6,000
2005 Series E & F (variable), due 2035 and 2038	21,550	21,550	21,550
2007 Series B, C & E (variable), due 2022 to 2040	7,670	8,717	16,800
2008 Series A & B (variable), due 2030	4,278	4,470	6,410
2012 Series A (4.96%), due 2032	2,332	2,390	13,000
2015 Series A (4.15%), due 2032	4,887	5,274	7,280
2017 Series A (5.00%), due 2034	11,271	11,390	12,460
2019 Series A & B (1.5% to 4.43%), due 2022 and 2037	9,600	19,600	19,600
2020 Series A (.35%), due 2023	18,000	18,000	18,000
2021 Series A (1.25%), due 2025	14,270	-	14,270
2022 Series A, B, C, D, E (2.00% to 3.77%), due 2025 and 2040	57,017	-	57,017
	$ 155,375	$ 96,191	

Principal and interest payments on conduit debt after 2022 are scheduled as follows ($ in thousands):

Fiscal Year Ending September 30	Principal	Interest
2023	$ 970	$ 3,081
2024	19,015	3,419
2025	45,681	3,335
2026	18,539	1,979
2027	1,170	1,840
Thereafter	70,000	14,860
	$ 155,375	$ 28,514

11. RETIREMENT PLANS

Defined Contribution Plan

Substantially all full-time employees of the Authority participate in a defined contribution retirement plan, the Alabama Housing Finance Authority Retirement Plan (the Retirement Plan), which provides retirement benefits to participants. The Retirement Plan is administered by Corporate Financial Services, LLC, an independent, third-party administrator. To be eligible, an employee must meet certain age and service requirements. Once an employee is eligible, participation is mandatory. Each employee must contribute 5% of their compensation to the Retirement Plan annually. The Authority contributes an amount equal to 7% of each participant's compensation annually. The Authority's contributions to the Retirement Plan were $670,000 and $653,000, in fiscal 2022 and 2021, respectively. The employees' contributions to the Retirement Plan were $478,000 and $466,000, in fiscal 2022 and 2021, respectively. The employees vest in the Authority's contribution based upon a six-year vesting schedule.

Defined Benefit Plan

Plan Description

The Authority established the Alabama Housing Finance Authority Employees' Pension Plan (the Pension Plan), a single-employer defined benefit pension plan, on September 26, 2002. All Pension Plan investments are reported at fair value. The Pension Plan provides retirement, death, disability, and termination benefits to participants and beneficiaries.

Benefit provisions are established by the Board of Directors (the Board) under a formal, written plan document and assets are held under a separate tax-qualified plan trust. Those provisions can only be amended by the Board. The plan and trust information can be obtained from the Alabama Housing Finance Authority, 7460 Halcyon Pointe Drive, Suite 200, Montgomery, AL 36117. A separate stand-alone financial report for the Pension Plan is available.

Benefits Provided

An employee is eligible to participate in the Pension Plan on the next October 1 or April 1 following the completion of six months service and attainment of age 21. A participant's normal retirement date is age 65, or five years' participation, if later. A participant is eligible for early retirement upon attainment of age 55 and 10 years of service. In addition, a participant is entitled to a vested benefit based on years of service as follows: 3 years 20%, 4 years 40%, 5 years 60%, 6 years 80%, and 7 or more years 100%. In addition, in the event of death or qualifying disability, benefits are 100% vested and are available to be paid immediately.

A participant's normal retirement benefit payable at normal retirement as a life annuity is equal to 2% of an employee's average compensation multiplied by years of credited service. Average compensation is based on the 36 highest consecutive months that results in the highest average. Credited service is based on 1,000 hours per plan year and is determined from date of hire (with maximum of 25 years). Certain special service rules applied before May 1, 2015. Normal retirement benefits are paid monthly and can be paid in other forms of annuities as elected by the participant including single payment lump sums.

11. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Benefits Provided – Continued

Benefits paid at early retirement are the actuarial equivalent normal retirement benefit. Benefits payable at death, disability, or vested benefits are the actuarial equivalent single sum value of the normal retirement benefit. Lump sums are based on the actuarial equivalent factors, or the IRS minimum lump sum basis, if higher.

	2022	2021
Inactive employees receiving benefits	-	-
Inactive employees entitled to but not receiving benefits	1	1
Active employees	143	137
	144	138

Contributions

Contribution requirements and benefit provisions of the Pension Plan are established by the Board. The funding policy provides for actuarially determined periodic contributions of amounts that will enable sufficient assets to pay benefits when due. The funding basis has been the range of contributions from the minimum (Minimum Required Contribution) to maximum deductible under federal pension laws related to applicable pension plans. Contributions have been determined under the funding laws under the Pension Protection Act of 2006 and later related funding law changes.

Contributions were $1,740,000 and $1,404,000, equaling approximately 16.85% and 15.21% of payroll of covered participants for the years ended September 30, 2022 and 2021, respectively.

Investments

Policies pertaining to the allocation of investments within the Pension Plan are established by the Authority. It is the policy of the Authority to invest pension assets in securities that provide growth and income while maintaining a balanced level of risk tolerance. The following illustrates the approved asset allocation policy for the years ended September 30, 2022 and 2021:

	% Range of Allocation		
	Minimum	Target	Maximum
Investment Type:			
Large cap domestic equity securities	15%	30%	50%
Small-Mid cap domestic equities	0%	10%	20%
International equity	0%	10%	20%
Fixed income and cash equivalent securities	30%	50%	60%
Alternatives	0%	0%	15%

11. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Investments – Continued

Permitted securities in which assets of the Pension Plan may be invested include any of the following:

Equity Securities
- US common and preferred stocks
- US equity mutual funds
- Equity exchange traded funds
- International equity mutual funds

Fixed Income Securities/Cash Equivalents
- US government
- US mortgage and asset-backed
- US corporate bonds
- Taxable municipal bonds
- Fixed income mutual funds
- Fixed income exchange traded funds
- Money market mutual funds
- Money market exchange traded funds
- Cash

Alternatives
- Real estate mutual funds
- Real estate exchange traded funds
- Multi-alternatives strategy mutual funds
- Multi-alternative strategy exchange traded funds

The fair value of investments is determined by market prices.

As of September 30, 2022 and 2021, there were no concentrations of investments in any organization that represented 5% or more of the Pension Plan's fiduciary net position.

For years ended September 30, 2022 and 2021, the estimated annual weighted rate of return based on the Bankers Index Method (BAI) was (15.51%) and 14.10%, respectively. The BAI rate of return expresses investment performance, net of investment expense, adjusted for the amounts actually invested with contributions and disbursements deemed to be made uniformly throughout the year.

The assumed discount rate related to plan investments was 7.00%.

11. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Investments – Continued

The fiduciary net position of the Pension Plan at September 30, 2022 and 2021 was invested as follows ($ in thousands):

	2022	2021
Cash equivalents	$ 160	$ 469
Equity securities	10,305	12,643
Fixed income securities	11,017	12,317
Total	$ 21,482	$ 25,429

Actuarial Assumptions

The Pension Plan was measured as of September 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates.

The total pension liability in the September 30, 2022 and 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Rate
Inflation	3.00%
Salary increases	4.50%
Investment rate of return	7.00%

Mortality rates used in the September 30, 2022 actuarial valuation were based on the 2022 Applicable Mortality Table for small plans under the minimum funding requirements of IRC Section 430. Mortality rates used in the September 30, 2021 actuarial valuation were based on the 2021 Applicable Mortality Table for small plans under the minimum funding requirements of IRC Section 430. Retirements were assumed based on each participant's normal retirement date with benefits payable in the form of a lump sum based on applicable lump sum rates. Prior to retirement, turnover was based on the T-1 withdrawal rates which reflects lower turnover.

The long-term expected rate of return on the Pension Plan, based on using best-estimate ranges of expected future real rates of return (expected returns, net of inflation), was 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 future inflation.

11. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Actuarial Assumptions – Continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the years ended September 30, 2022 and 2021 are summarized below:

Asset Class	Target Allocation	Expected Long-Term Rate of Return
Equity	50%	5% – 8%
Fixed Income	50%	2% – 5%

The discount rate used to measure the total pension liability at September 30, 2022 and 2021 was 7.00%. The Pension Plan's fiduciary net positions are projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension (Asset) Liability ($ in thousands)

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) - (B)
Balances at October 1, 2021	$ 21,838	$ 25,621	$ (3,783)
Service cost	1,340	-	1,340
Interest cost	1,622	-	1,622
Differences between expected and actual experience	(4,174)	-	(4,174)
Changes in assumptions	53	-	53
Contributions – employer	-	1,740	(1,740)
Net investment income	-	(3,953)	3,953
Benefit payments, including refunds of member contributions	(2,262)	(2,262)	-
Net changes	(3,421)	(4,475)	1,054
Balances at September 30, 2022	$ 18,417	$ 21,146	$ (2,729)

11. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

Changes in the Net Pension (Asset) Liability ($ in thousands) – Continued

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) - (B)
Balances at October 1, 2020	$ 20,214	$ 21,595	$ (1,381)
Service cost	1,565	-	1,565
Interest cost	1,525	-	1,525
Differences between expected and actual experience	(818)	-	(818)
Changes in assumptions	(149)	-	(149)
Contributions – employer	-	1,404	(1,404)
Net investment income	-	3,121	(3,121)
Benefit payments, including refunds of member contributions	(499)	(499)	-
Net changes	1,624	4,026	(2,402)
Balances at September 30, 2021	$ 21,838	$ 25,621	$ (3,783)

The change in assumptions reflected in the changes in net pension (asset) liability for the years ended September 30, 2022 and 2021 was the result of basing the valuation on the 2021 and 2020 Applicable Mortality Tables in lieu of the 2022 and 2021 Applicable Mortality Tables.

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate
The following information presents the net pension (asset) liability calculated using the discount rate of 7.00% as well as net pension (asset) liability using a discount rate that is 1.00% lower or 1.00% higher than the current rate for the years ended September 30:

	1% Decrease (6%)	Current Discount Rate (7%)	Maximum 1% Increase (8%)
2022	$ (1,750)	$ (2,729)	$ (3,660)
2021	(2,873)	(3,783)	(4,952)

11. RETIREMENT PLANS – CONTINUED

Defined Benefit Plan – Continued

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

For the years ended September 30, 2022 and 2021, the Pension Plan recognized pension income (expense) of $471,000 and ($515,000), respectively. At September 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources ($ in thousands):

	2022	2021
Deferred Outflows:		
Differences between expected and actual experience	$ -	$ 4,140
Net differences between projected and actual earnings on investments	4,797	-
Changes in assumptions	-	41
Gross deferred outflows	4,797	4,181
Deferred Inflows:		
Differences between expected and actual experience	181	-
Net differences between projected and actual earnings on investments	-	1,102
Changes in assumptions	12	-
Gross deferred inflows	193	1,102
Net deferred outflows	$ 4,604	$ 3,079

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows ($ in thousands):

2023	$ 1,037
2024	959
2025	880
2026	848
2027	1,164
Thereafter	(284)

12. RIGHT-TO-USE LEASE LIABILITY

The Authority leases office space under an agreement expiring in December 2029. Under the terms of the lease agreement, the Authority pays a monthly base fee of approximately $90,000, with annual escalations.

Right-to-use lease liability activity for the years ended September 30, 2022 and 2021 is as follows ($ in thousands):

	October 1, 2021 (as restated)	Additions	Reductions	Balance September 30, 2022
Right-to-use lease liability	$ 7,676	$ -	$ (642)	$ 7,034

	Balance October 1, 2020 (as restated)	Additions	Reductions	Balance September 30, 2021 (as restated)
Right-to-use lease liability	$ 8,254	$ -	$ (578)	$ 7,676

Future principal and interest payments on right-to-use liabilities as of September 30, 2022 are as follows ($ in thousands):

Year Ending September 30	Principal	Interest	Total
2023	$ 713	$ 364	$ 1,077
2024	783	323	1,106
2025	863	278	1,141
2026	948	228	1,176
2027	1,038	173	1,211

As of September 30, 2022 and 2021, total assets recorded under right-to-use lease liabilities totaled $6,470,000 and $7,362,000, respectively, and are included in noncurrent other assets, net on the statements of net position. Amortization of assets recorded under right-to-use lease liabilities for the years ended September 30, 2022 and 2021 was $892,000. Accumulated amortization of assets recorded under right-to-use lease liabilities as of September 30, 2022 and 2021 was $1,785,000 and $892,000, respectively. For the years ended September 30, 2022 and 2021, the Authority recorded $401,000 and $435,000, respectively, in interest expense related to the right-to-use lease liability.

12. RIGHT-TO-USE LEASE LIABILITY – CONTINUED

The Authority adopted GASB Statement No. 87, *Leases* and retroactively implemented the provisions of the standard as of October 1, 2020. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87, *Leases*.

Upon implementation of GASB Statement No. 87, *Leases*, the Authority used a discount rate of 5.5% (based on the Authority's incremental borrowing rate) to recognize right-to-use assets and lease liabilities in the amount of $8,254,000. The effect of the implementation of GASB Statement No. 87, *Leases* on the statement of net position as of September 30, 2021 was an increase in assets and liabilities of $7,362,000 and $7,676,000, respectively, and a decrease in net position of $314,000. The effect of the implementation on the statement of revenues, expenses, and changes in net position for the year ended September 30, 2021 was an increase in operating loss of $314,000.

13. EARLY RETIREMENT OF BONDS

The Authority's mortgage revenue bonds are subject to certain extraordinary redemption provisions. During the years ended September 30, 2022 and 2021, the Authority called approximately $2,150,000 and $2,074,000 (net of unamortized discounts), respectively, of single-family bonds in advance of their scheduled maturities.

14. SUBSEQUENT EVENTS

The Authority has awarded Federal funds totaling $7,910,000 under the HOME Program.

The Authority has issued approximately $15,000,000 of multifamily bonds as conduit debt.

The Authority was awarded additional ERA2 Federal funds of $52,505,000.

REQUIRED SUPPLEMENTARY INFORMATION

ALABAMA HOUSING FINANCE AUTHORITY
SCHEDULES OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2022 – 2014
($ in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service cost	$ 1,340	$ 1,565	$ 1,595	$ 1,422	$ 1,215	$ 1,041	$ 577	$ 595	$ 537
Interest	1,622	1,525	1,268	1,008	873	795	768	704	620
Differences between expected and actual experience	(4,174)	(818)	869	1,101	162	2,072	1,736	(25)	147
Changes in assumptions	53	(149)	(2)	74	16	21	16	20	18
Benefit payments	(2,262)	(499)	(39)	(62)	(543)	(2,991)	(3,169)	(367)	(177)
Net change in total pension liability	(3,421)	1,624	3,691	3,543	1,723	938	(72)	927	1,145
Total pension liability – beginning	21,838	20,214	16,523	12,980	11,257	10,319	10,391	9,464	8,319
Total pension liability – ending (A)	18,417	21,838	20,214	16,523	12,980	11,257	10,319	10,391	9,464
PENSION FIDUCIARY NET POSITION									
Contributions – employer	1,740	1,404	1,660	1,356	2,264	2,293	1,497	1,352	1,468
Net investment income (loss)	(3,953)	3,121	1,209	818	670	1,166	1,333	(103)	653
Benefit payments	(2,262)	(499)	(39)	(62)	(543)	(2,991)	(3,169)	(367)	(177)
Net change in pensions fiduciary net position	(4,475)	4,026	2,830	2,112	2,391	468	(339)	882	1,944
Pensions fiduciary net position – beginning	25,621	21,595	18,765	16,653	14,262	13,794	14,133	13,251	11,307
Pensions fiduciary net position – ending (B)	21,146	25,621	21,595	18,765	16,653	14,262	13,794	14,133	13,251
NET PENSION ASSET (A) - (B)	$ (2,729)	$ (3,783)	$ (1,381)	$ (2,242)	$ (3,673)	$ (3,005)	$ (3,475)	$ (3,742)	$ (3,787)
COVERED EMPLOYEE PAYROLL	$ 10,327	$ 9,231	$ 9,325	$ 8,957	$ 8,565	$ 8,000	$ 7,415	$ 5,938	$ 5,125
NET PENSION ASSET AS A PERCENTAGE OF COVERED PAYROLL	26.43%	40.98%	14.81%	25.03%	42.88%	37.56%	46.86%	63.02%	73.89%
NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	114.82%	117.32%	106.83%	113.57%	128.30%	126.69%	133.68%	136.01%	140.01%

See independent auditors' report.

ALABAMA HOUSING FINANCE AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO AUTHORITY EMPLOYEES' PENSION PLAN
($ in thousands)

Year	Actuarially Determined Contribution	Contributions From Authority	Contribution (Deficiency)/ Excess	Covered Employee Payroll	Contribution as a % of Payroll
2013	$ 802	$ 1,187	$ 385	$ 4,413	26.90%
2014	742	1,282	540	5,125	25.01%
2015	852	1,352	500	5,938	22.77%
2016	997	1,497	500	7,415	20.19%
2017	1,293	2,293	1,000	8,000	28.66%
2018	1,464	2,264	800	8,565	26.43%
2019	1,356	1,356	-	8,957	15.14%
2020	1,660	1,660	-	9,325	17.80%
2021	1,404	1,404	-	9,231	15.21%
2022	1,740	1,740	-	10,327	16.85%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are determined as of October 1, the beginning of the plan year.

Methods and Assumptions: The actuarial valuation is performed under the requirements of IRC Section 430; pursuant to the Pension Protection Act of 2006 (PPA) and subsequent pension laws MAP-21 and HAFTA. The valuation is calculated using PPA actuarial funding methods and prescribed discounts segmented rates. The applicable discount rates for the 2022 actuarial valuation were 4.75% (0-5 years), 5.18% (6-20 years), and 5.92% (for 20+ years). The salary increase assumption was 4.5% per year.

Other assumptions included the Applicable Mortality Table, low turnover table, Table T1, and 100% lump sum elections. The prior years' actuarial reports outline the applicable funding rates for the applicable years.

See independent auditors' report.

OTHER FINANCIAL INFORMATION

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
SINGLE-FAMILY BOND SERIES
ADDITIONAL SEGMENT DATA
SEPTEMBER 30, 2022
($ in thousands)

	2000/2003 Step Up	2003 First Step	2002 D, 2016 A	Combined Single-Family
ASSETS				
CURRENT ASSETS				
Cash on deposit	$ -	$ -	$ -	$ -
Accounts receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Mortgage loans receivable, net	-	-	-	-
Mortgage loans held for sale	-	-	-	-
Investments	-	-	-	-
Other assets	-	-	-	-
Restricted:				
Cash on deposit	-	-	97	97
Accrued interest receivable	49	1	351	401
Investments	303	36	131,642	131,981
Other assets	-	-	-	-
Federal program loans receivable, net	-	-	-	-
Total current assets	352	37	132,090	132,479
NONCURRENT ASSETS				
Mortgage loans receivable, net	-	-	-	-
Investments	-	-	-	-
Other assets, net	-	-	-	-
Mortgage servicing rights, net	-	-	-	-
Restricted:				
Mortgage-backed securities	7,785	97	52,221	60,103
Investments	-	-	860	860
Other assets	-	-	-	-
Federal program loans receivable, net	-	-	-	-
Total noncurrent assets	7,785	97	53,081	60,963
TOTAL ASSETS	8,137	134	185,171	193,442
DEFERRED OUTFLOWS				
Pension-related deferred outflows	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 8,137	$ 134	$ 185,171	$ 193,442
LIABILITIES				
CURRENT LIABILITIES				
Bonds payable, net	$ 699	$ -	$ -	$ 699
Obligations under reverse repurchase agreements	-	-	35,945	35,945
Refundable Federal program grants	-	-	-	-
Accrued interest payable	38	-	84	122
Right-to-use lease liability	-	-	-	-
Other liabilities	-	-	-	-
Total current liabilities	737	-	36,029	36,766
NONCURRENT LIABILITIES				
Bonds payable, net	7,214	99	1,000	8,313
Refundable Federal program grants, net	-	-	-	-
Unearned compliance and commitment fees, net	-	-	-	-
Right-to-use lease liability	-	-	-	-
Total noncurrent liabilities	7,214	99	1,000	8,313
TOTAL LIABILITIES	7,951	99	37,029	45,079
DEFERRED INFLOWS				
Pension-related deferred inflows	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	7,951	99	37,029	45,079
NET POSITION				
Investment in capital assets, net	-	-	-	-
Restricted	186	35	148,142	148,363
Unrestricted	-	-	-	-
Total net position	186	35	148,142	148,363
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 8,137	$ 134	$ 185,171	$ 193,442

See independent auditors' report.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
SINGLE-FAMILY BOND SERIES
ADDITIONAL SEGMENT DATA
FOR THE YEAR ENDED SEPTEMBER 30, 2022
($ in thousands)

	2000/2003 Step Up	2003 First Step	2002 D, 2016 A	Combined Single-Family
OPERATING REVENUES				
Interest on mortgage loans	$ -	$ -	$ -	$ -
Interest on mortgage-backed securities	482	5	3,053	3,540
Investment income	2	-	782	784
Net realized and unrealized gain (loss) on investments and mortgage servicing rights	(951)	(14)	(7,801)	(8,766)
Loan servicing fees and other income	8	-	-	8
Total operating revenues	(459)	(9)	(3,966)	(4,434)
OPERATING EXPENSES				
Interest	497	5	359	861
Amortization of mortgage servicing rights	-	-	-	-
Program, general, and administrative	8	-	13	21
Total operating expenses	505	5	372	882
OPERATING INCOME (LOSS)	(964)	(14)	(4,338)	(5,316)
NONOPERATING REVENUES (EXPENSES)				
Federal program grants	-	-	-	-
Federal program expenditures	-	-	-	-
Net nonoperating revenues (expenses)	-	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(964)	(14)	(4,338)	(5,316)
Transfers in (out)	-	-	40,000	40,000
CHANGES IN NET POSITION	(964)	(14)	35,662	34,684
NET POSITION				
Beginning of year	1,150	49	112,480	113,679
End of year	$ 186	$ 35	$ 148,142	$ 148,363

See independent auditors' report.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
COMBINING ALL FUNDS
ADDITIONAL SEGMENT DATA
SEPTEMBER 30, 2022
($ in thousands)

	Combined Single-Family	Federal Programs	Housing Assistance Fund	General Fund	Combined
ASSETS					
CURRENT ASSETS					
Cash on deposit	$ -	$ -	$ 284	$ 10,906	$ 11,190
Accounts receivable, net	-	-	-	224	224
Accrued interest receivable	-	-	54	96	150
Mortgage loans receivable, net	-	-	3,900	50	3,950
Mortgage loans held for sale	-	-	-	55,144	55,144
Investments	-	-	33,329	82,075	115,404
Other assets	-	-	-	9,424	9,424
Restricted:					
Cash on deposit	97	35,116	-	-	35,213
Accrued interest receivable	401	16,272	-	-	16,673
Investments	131,981	115,305	-	-	247,286
Other assets	-	367	-	-	367
Federal program loans receivable, net	-	26,504	-	-	26,504
Total current assets	132,479	193,564	37,567	157,919	521,529
NONCURRENT ASSETS					
Mortgage loans receivable, net	-	-	22,389	705	23,094
Other assets, net	-	-	-	4,392	4,392
Mortgage servicing rights, net	-	-	-	37,996	37,996
Restricted:					
Mortgage-backed securities	60,103	-	-	-	60,103
Investments	860	-	-	-	860
Other assets	-	-	-	280	280
Federal program loans receivable, net	-	304,018	-	-	304,018
Total noncurrent assets	60,963	304,018	22,389	43,373	430,743
TOTAL ASSETS	193,442	497,582	59,956	201,292	952,272
DEFERRED OUTFLOWS					
Pension-related deferred outflows	-	-	-	4,797	4,797
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 193,442	$ 497,582	$ 59,956	$ 206,089	$ 957,069
LIABILITIES					
CURRENT LIABILITIES					
Bonds payable, net	$ 699	$ -	$ -	$ -	$ 699
Obligations under reverse repurchase agreements	35,945	-	-	-	35,945
Refundable Federal program grants	-	26,504	-	-	26,504
Accrued interest payable	122	16,272	-	-	16,394
Right-to-use lease liability	-	-	-	713	713
Other liabilities	-	4,838	2,872	(1,102)	6,608
Total current liabilities	36,766	47,614	2,872	(389)	86,863
NONCURRENT LIABILITIES					
Bonds payable, net	8,313	-	-	-	8,313
Refundable Federal program grants, net	-	408,343	-	-	408,343
Unearned compliance and commitment fees, net	-	-	-	9,785	9,785
Right-to-use lease liability	-	-	-	6,321	6,321
Total noncurrent liabilities	8,313	408,343	-	16,106	432,762
TOTAL LIABILITIES	45,079	455,957	2,872	15,717	519,625
DEFERRED INFLOWS					
Pension-related deferred inflows	-	-	-	193	193
TOTAL LIABILITIES AND DEFERRED INFLOWS	45,079	455,957	2,872	15,910	519,818
NET POSITION					
Investment in capital assets, net	-	-	-	280	280
Restricted	148,363	41,625	-	-	189,988
Unrestricted	-	-	57,084	189,899	246,983
Total net position	148,363	41,625	57,084	190,179	437,251
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 193,442	$ 497,582	$ 59,956	$ 206,089	$ 957,069

See independent auditors' report.

ALABAMA HOUSING FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMBINING ALL FUNDS
ADDITIONAL SEGMENT DATA
FOR THE YEAR ENDED SEPTEMBER 30, 2022
($ in thousands)

	Combined Single-Family	Federal Programs	Housing Assistance Fund	General Fund	Combined Totals
OPERATING REVENUES					
Interest on mortgage loans	$ -	$ -	$ 696	$ 2,509	$ 3,205
Interest on mortgage-backed securities	3,540	-	-	-	3,540
Investment income	784	-	223	636	1,643
Net realized and unrealized gain (loss) on investments and mortgage servicing rights	(8,766)	-	-	4,882	(3,884)
Loan servicing fees and other income	8	-	374	36,074	36,456
Total operating revenues	(4,434)	-	1,293	44,101	40,960
OPERATING EXPENSES					
Interest	861	-	-	401	1,262
Amortization of mortgage servicing rights	-	-	-	8,977	8,977
Program, general, and administrative	21	-	-	37,318	37,339
Total operating expenses	882	-	-	46,696	47,578
OPERATING INCOME (LOSS)	(5,316)	-	1,293	(2,595)	(6,618)
NONOPERATING REVENUES (EXPENSES)					
Federal program grants	-	215,010	-	-	215,010
Federal program expenditures	-	(202,298)	-	-	(202,298)
Net nonoperating revenues (expenses)	-	12,712	-	-	12,712
INCOME (LOSS) BEFORE TRANSFERS	(5,316)	12,712	1,293	(2,595)	6,094
Transfers in (out)	40,000	-	-	(40,000)	-
CHANGES IN NET POSITION	34,684	12,712	1,293	(42,595)	6,094
NET POSITION					
Beginning of year, as restated	113,679	28,913	55,791	232,774	431,157
End of year	$ 148,363	$ 41,625	$ 57,084	$ 190,179	$ 437,251

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