

**NEW JERSEY HOUSING AND
MORTGAGE FINANCE AGENCY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022
(WITH PARTIAL SUMMARIZED INFORMATION FOR
THE YEAR ENDED DECEMBER 31, 2021)**



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**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR DECEMBER 31, 2021)**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
New Jersey Housing and Mortgage Finance Agency
Trenton, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund and the fiduciary fund of the New Jersey Housing and Mortgage Finance Agency (the Agency), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the fiduciary fund of the Agency, as of December 31, 2022, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Agency's Proportionate Share of Net Pension Liability, Schedule of Agency's Pension Contributions, Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios, and the Schedule of Agency's OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Agency's basic financial statements. The Schedules of Net Position and Revenues, Expenses, and Changes in Fund Net Position for the Single Family and Multi-Family Housing Programs (the Schedules) for the year ended December 31, 2022, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2022 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Agency's financial statements, as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated August 12, 2022, which contained unmodified opinions on the respective financial statements of the business-type activities, each major fund, and the fiduciary fund. The 2021 actual amounts in the Schedules for the year ended December 31, 2021, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information was subjected to the auditing procedures applied in the audit of the 2021 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 actual amounts in the Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2021.

Report on Summarized Comparative Information

We have previously audited the Agency's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities, each major fund, and the fiduciary fund in our report dated August 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2023 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
August 18, 2023

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(IN THOUSANDS)

Introduction to the Financial Report

This financial report consists of five parts: Management's Discussion and Analysis, Financial Statements, Notes to the Financial Statements, Required Supplementary Information, and Supplementary Information. The accompanying basic financial statements include the proprietary funds of the New Jersey Housing and Mortgage Finance Agency (the Agency) and the fiduciary fund.

Basic Financial Statements

The Agency's proprietary fund engages only in business-type activities and as a result, the Agency's basic financial statements include the statement of net position, the statement of revenue, expenses and changes in net position, the statement of cash flows, and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The statement of net position which provides information about the Agency's investments in resources (assets), deferred outflows of resources, obligations to Agency creditors (liabilities), deferred inflows of resources and net position. Over time, increases or decreases in the Agency's net position may serve as an indicator of whether the financial position of the Agency is improving or deteriorating. Other factors, both internal and external to the Agency, should be considered when evaluating the Agency's financial position.

The statement of revenues, expenses and changes in net position which accounts for all of the current year's revenue and expenses, measures the success of the Agency's operations over the past year and can be used to determine how the Agency has funded its costs.

The statement of cash flows which provides information about the Agency's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

A fiduciary fund is used to account for resources held for the benefit of parties outside the Agency. A fiduciary fund is not reflected with the proprietary fund financial statements because the resources of the fund are not available to support the proprietary fund programs. The Agency's fiduciary fund is the New Jersey Housing and Mortgage Finance Agency OPEB 115 Trust Fund (the Trust).

The Trust is a separate legal entity created pursuant to a trust agreement initiated by the Agency. The Trust is a private-purpose trust established for the sole purpose of providing health and welfare benefits for retirees and their eligible spouses and dependents as provided by the New Jersey State Health Benefits Program (the Program). All resources of the Trust, including income on investments and other revenues, are held in trust to meet obligations to provide the health and welfare benefit payments to retirees and their eligible spouses and dependents. Resources of the Trust may also be used to pay reasonable expenses of administering the Trust and the Program. Trust receipts consist of contributions made by the Agency. The Trust administers its affairs through its trustee, records its assets in segregated accounts, and maintains financial records separate from the Agency.

Notes to the Financial Statements

The notes to the financial statements provide information that is essential to understanding the basic financial statements, such as the Agency's accounting methods and policies, details of contractual obligations, future commitments and contingencies of the Agency, and information about any other events or developing situations that could materially affect the Agency's financial position.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(IN THOUSANDS)

Required Supplementary Information

This presents the information regarding the Agency's progress in funding its obligation to provide pension benefits and postemployment benefits other than pensions to its employees.

Supplementary Information

This provides presentations of the Agency's financial information in accordance with the requirements of the various Bond Resolutions.

Management's Discussion and Analysis

This section of NJHMFA's financial statements presents the Management's Discussion and Analysis (MD&A), of the Agency's financial performance as of December 31, 2022 and 2021 and for the years then ended. It provides an assessment of how the Agency's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Agency's overall financial position.

The Agency's Business

The Agency was created to provide a strong unified advocate for housing production, financing, and improvement. The Agency is established under, but is not a part of, the Department of Community Affairs, and is constituted as a body politic and corporate and an instrumentality of the State exercising public and essential governmental functions. Included in the Agency's powers is the ability, inter alia, to provide to housing sponsors, through eligible loans or otherwise, financing, refinancing or financial assistance for fully completed, as well as partially completed projects; to provide funds to purchase loans made to borrowers throughout the State for single family residences in accordance with the requirements of the State and Federal law and the applicable general resolution; to issue negotiable bonds and to secure the payment thereof; and to make and enter into and enforce all contracts and agreements necessary, convenient or desirable to the performance of its duties and the execution of its powers.

Overview of the Financial Statements

The Agency is a self-supporting entity and follows enterprise fund reporting except for the fiduciary fund. An enterprise fund reports activity that is financed with debt that is secured solely by a pledge of the net revenue from that activity as well as activity that is not supported by taxes or similar revenues. The Agency's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting matches revenues and expenses to the time period in which they are earned or attributable, respectively, which may differ from the period in which the associated cash is received or expended.

Enterprise fund statements offer short-term and long-term financial information about the Agency's activities. While detailed sub-fund information is not presented in the Agency's financial statements, separate accounts are maintained for each bond issue and component unit, as well as the Agency's general operating fund, known as the General Fund. These sub-funds permit the Agency to control and manage money for particular purposes and to determine that the Agency is properly using specific resources.

The fiduciary fund is included as the Agency has fiduciary responsibility for it, but it does not follow enterprise fund reporting. The fiduciary fund accounts for resources held for the benefit of parties outside the Agency, and these resources are therefore not available to support the Agency.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(IN THOUSANDS)

Overall Financial Highlights – Year Ended December 31, 2022

The Agency's overall net position increased by 7.7% from 2021 to 2022. The multifamily portfolio continued to perform well and the single family portfolio added significant loans resulting from the favorable bond market. The General Fund performed well due to a significant increase in the Single Family Mortgage Backed Security market.

In 2022, the Agency issued \$315,730 of Single Family Housing Revenue Bonds, 2022 Series I. This bond issue, which was comprised entirely of new money proceeds, was the Agency's second single family bond issue that was self-designated as Social Bonds.

In 2022, the State of New Jersey's Department of Community Affairs made the following cash contributions, purposed for administering the following programs:

- \$25,000 for Capital Improvement Assistance Program (CIAP)
- \$25,000 for Down Payment Assistance Program (DPA)
- \$20,000 for Special Needs Housing Trust Fund
- \$1,0000 Foreclosure Mediation Assistance Program (FMAP)

In addition, the Agency continued to participate in the mortgage-backed securities (MBS) platform as an approved Government National Mortgage Association (Ginnie Mae) issuer of Ginnie Mae I and II single family MBS. In 2022, the Agency securitized 700 loans for \$175,300 with Ginnie Mae II MBS.

Under the Superstorm Sandy Community Development Block Grant-Disaster Recovery (CDBG-DR) Action Plan, the Agency received a total allocation of \$749,520 in CDBG-DR funds as a sub-recipient to implement three (3) affordable housing programs designed to support the needs of renters and prospective homeowners in the nine counties hardest hit by the storm. The Fund for Restoration of Multifamily Housing (FRM) was allocated \$664,520. The Sandy Special Needs Housing Fund (SSNHF) was allocated \$60,000, and the Sandy Homebuyer Assistance Program (SHAP) was allocated \$25,000. No additional funding was committed in 2022. The Agency is working toward closing out the remaining projects.

Under the American Rescue Plan Act (ARPA) of 2021, the Agency received a total allocation of \$325,965,861 of Homeowner Assistance Fund (HAF) dollars to develop the Emergency Rescue Mortgage Assistance (ERMA) Program and the Housing Counseling Program. Under ERMA, the Agency provides mortgage assistance and repayment of delinquent homeowner expenses to eligible New Jersey homeowners that have experienced a loss of income related to the COVID-19 pandemic. The payments are made directly to the mortgage servicer, or to the appropriate entity in cases where there is no mortgage escrow account. The Housing Counseling Program supplements ERMA by providing outreach to impacted homeowners, housing counseling, as well as ERMA application assistance, in order to improve program coordination.

The Agency's Other Post-Employment Benefits (OPEB) net OPEB obligation decreased by approximately \$1,912. This is due to a reduction in the investment return assumption based on the increase in yield on fixed income investments and changes in actuarial assumptions.

The Agency's Pension liability increased by \$9,176 due to changes in actuarial assumptions used to determine the net Pension liability.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(IN THOUSANDS)

The Agency closed twelve conduit bond issues totaling \$385,613 in 2022. In addition, the program has a pipeline in excess of \$300,000.

Overall Financial Highlights – Year Ended December 31, 2022 (Continued)

The following ratings actions occurred in 2022:

- March 2022 – Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Multi-Family Housing Revenue Bonds (MF 1995) Resolution.
- March 2022 – Standard & Poor's Global Ratings (S&P) affirmed its AA- rating (stable outlook) on the Agency's Multi-Family Revenue Bonds (MF 2005) Resolution.
- June 2022 – Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Issuer Credit Rating (ICR).
- July 2022 – Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.
- July 2022 – Moody's Investors Service (Moody's) maintained its Aa2 rating (stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.

Financial Analysis

The following sections will discuss the Agency's financial results for 2022 compared to 2021. Additionally, an examination of major economic factors that have contributed to the Agency's operations is provided. It should be noted that for purposes of this MD&A, summaries of the financial statements and the various exhibits presented are in conformity with the Agency's financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America. All dollar amounts are in thousands.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(IN THOUSANDS)

Agency's Condensed Statement of Net Position

The Statement of Net Position presents the Agency's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of December 31, 2022. The following table represents the comparison of net position as of December 31, 2022 and 2021. The change between December 31, 2022 and December 31, 2021 should be read in conjunction with the financial statements. The amounts in the table below and in the explanation of changes in certain financial categories are expressed in thousands to provide easier comparison to the Statement of Net Position as outlined in the table of contents.

Condensed Statement of Net Position

	2022	2021	\$ Change 2022 / 2021	% Change 2022 / 2021
Current and Other Assets	\$ 1,949,563	\$ 1,547,545	\$ 402,018	26.0%
Other Noncurrent Assets	2,478,713	2,351,931	126,782	5.4%
Capital Assets	3,867	4,176	(309)	-7.4%
Total Assets	4,432,143	3,903,652	528,491	13.5%
Deferred Outflows of Resources	22,398	42,046	(19,648)	-46.7%
Current Liabilities	383,950	346,318	37,632	10.9%
Long-Term Liabilities	2,720,418	2,327,796	392,622	16.9%
Total Liabilities	3,104,368	2,674,114	430,254	16.1%
Deferred Inflows of Resources	30,384	45,619	(15,235)	-33.4%
Net Position:				
Net Investment in Capital Assets	3,867	4,176	(309)	-7.4%
Restricted	962,865	602,172	360,693	59.9%
Unrestricted	353,057	619,617	(266,560)	-43.0%
Total Net Position	\$ 1,319,789	\$ 1,225,965	\$ 93,824	7.7%

The Agency's total assets increased by 13.5% between 2021 and 2022 resulting from the following factors:

- Cash, cash equivalents, and investments increased by \$370,353 as the Agency placed newly acquired funding from issuance of bonds into cash management accounts. Additionally, the Agency is holding around \$305 million for the homeowner's assistance fund program at December 31, 2022.
- Mortgage loans receivable, supplemental loans receivable and accrued mortgage interest receivable increased by \$146,654, primarily due to new loans disbursed during the year being greater than prepayments and regular loan amortizations.
- Other current assets increased by \$3,305 largely due to increased balances due from loan servicers.
- REO balances decreased \$279 as a result of an increase in the reserves on REO balances.
- The accumulated increase in fair value of hedging derivatives decreased by \$26,071 due to the changes in SIFMA and Libor rates as noted below.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(IN THOUSANDS)

Agency's Condensed Statement of Net Position (Continued)

The Agency's deferred outflows of resources decreased 46.7% mostly resulting from an increase in derivative instruments and the Pension and OPEB valuations.

The Agency's total liabilities decreased 16.1% between 2021 and 2022 resulting from the following factors:

- Unearned revenue increased by \$269,140, representing Homeowner's Assistance Funds received but not yet disbursed in 2022.
- Pension liability increased by \$9,176 due to changes in actuarial assumptions used to determine the net pension liability.
- OPEB liability decreased by \$1,912 due to changes in actuarial assumptions used to determine the liability.
- Funds held in trust increased \$5,473 as the Agency acquired more funding to administer state and local programs.
- Bonds payable increased \$166,286 as a result of the new 2022 SFHRB bond issuance net of scheduled bond retirements.
- Derivative instruments (hedging derivative value + off market loan balances) decreased by \$26,071 due to a multitude of factors. Individual swaps are affected by changes in Libor and/or SIFMA rates. In 2022, both Libor and SIFMA rates increased. The remaining life of a swap also impacts the value as it must accrete to \$-0- by the maturity date. In addition to these factors which affect the directional change in a swap's value, the magnitude of the change is affected by other factors including the size, remaining life and the maturity date. Each swap is analyzed individually with any changes in fair value reported.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
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Agency's Condensed Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position reports revenues recognized, and expenses incurred for the years ended December 31, 2022 and 2021. The table below summarizes the Agency's revenues and expenses for the years ended December 31, 2022 and 2021. It should be read in conjunction with the financial statements. The amounts in the two tables below and in the explanation of changes in certain financial categories are expressed in thousands to provide easier comparison to the Statement of Revenues, Expenses and Changes in Net Position.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2022 and 2021

	2022	2021	\$ Change 2022 / 2021	% Change 2022 / 2021
Operating Revenues:				
Interest Income on Mortgage Loans	\$ 81,636	\$ 82,865	\$ (1,229)	-1.5%
Fees and Charges	54,450	47,553	6,897	14.5%
Program Income	-	1,679	(1,679)	-100.0%
Grant Income	40,966	32,636	8,330	25.5%
Recovery of Bad Debt and Mortgage Modifications	11,988	12,639	(651)	-5.2%
Other	13,277	14,818	(1,541)	-10.4%
Total Operating Revenues	<u>202,317</u>	<u>192,190</u>	<u>10,127</u>	<u>5.3%</u>
Operating Expenses	<u>171,620</u>	<u>176,908</u>	<u>(5,288)</u>	<u>-3.0%</u>
Operating Income	30,697	15,282	15,415	100.9%
Nonoperating Revenues	<u>63,127</u>	<u>71,709</u>	<u>(8,582)</u>	<u>-12.0%</u>
Increase in Net Position	93,824	86,991	6,833	7.9%
Net Position - Beginning of Year	<u>1,225,965</u>	<u>1,138,974</u>	<u>86,991</u>	<u>7.6%</u>
Net Position - End of Year	<u>\$ 1,319,789</u>	<u>\$ 1,225,965</u>	<u>\$ 93,824</u>	<u>7.7%</u>

The 5.3% decrease in operating revenue is due to the following factors:

- Mortgage-associated revenues (interest, fees and charges) saw a \$5,668 net increase, as the Agency securitized \$175,300 worth of mortgage-backed securities.
- Program income decreased by \$1,679 due to the winding down of programs for which the Agency obtains fees for administering.
- Grant income increased by \$8,330 due to the kick off of the Homeowner's Assistance program (ERMA) net of decreased volume of Community Development Block Grants for Disaster recovery from Superstorm Sandy.
- Recovery on bad debt and mortgage modifications decreased by \$651, which fluxes in accordance to changes in delinquent mortgages.
- Other income decreased by \$1,541, driven by a net drop in engagement with local public service entities, netted by fluxes upward in MBS-related inflows.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(IN THOUSANDS)

Agency's Condensed Statements of Revenues, Expenses, and Changes in Net Position
(Continued)

Nonoperating income (investment income) increased from the loss value in the prior year due to newly acquired contributions from the State of New Jersey and due to the volatility of the market in the current year.

Summary of Operating Expenses
Years Ended December 31, 2022 and 2021

	2022	2021	\$ Change 2022 / 2021	% Change 2022 / 2021
Operating Expenses:				
Interest and Amortization	\$ 65,943	\$ 66,100	\$ (157)	(0.2)%
Insurance Costs	972	879	93	10.6
Servicing Fees and Other	7,319	6,734	585	8.7
Salaries and Related Benefits	24,011	25,088	(1,077)	(4.3)
Professional Services and Financing Costs	15,522	12,199	3,323	27.2
General and Administrative Expenses	5,460	5,165	295	5.7
Grant Expense	38,961	33,653	5,308	15.8
Program Expense	618	1,167	(549)	(47.0)
Pension (Revenue) Expense	(3,750)	(5,023)	1,273	(25.3)
Loss on Sale of Real Estate Owned	505	3,210	(2,705)	(84.3)
Provision for Loan Losses	16,059	17,736	(1,677)	(9.5)
Contributions to the State	-	10,000	(10,000)	(100.0)
Total Operating Expenses	<u>\$ 171,620</u>	<u>\$ 176,908</u>	<u>\$ (5,288)</u>	<u>-3.0%</u>

Total operating expenses decreased by 3.0%. The following significant fluctuations occurred within operating expenses:

- The Agency did not make a contribution to the State of New Jersey as it had in 2021, totaling \$10,000, to support supportive housing related projects.
- Grant expense increased by \$5,308 primarily alongside increased activity with the Homeowner's Assistance Program (ERMA), netted against decreased volume of Community Development Block Grants for Disaster recovery from SuperStorm Sandy. This increase is consistent with the increase in grant income above.
- Program expense decreased by \$549 due to continued winding down of programs run by the Agency. This decrease is consistent with the decrease in program income above.
- Change in the pension liability resulted in pension revenue of \$3,750, which was a \$1,273 decrease in pension revenue due to the change in actuarial and economic assumptions used to calculate the pension liability.
- The loss on sale of real estate owned decreased by \$2,705 due to a decrease in the number of SFHRB properties sold.
- Professional services and financing costs increased \$3,323 mainly as a result of fees associated with the SFHRB bond series issued in 2022.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(IN THOUSANDS)

Debt Administration

At December 31, 2022, the Agency had \$2,107,353 of bond principal outstanding, net of deferral on refunding, discount, and premium which represents an increase of 8.6% over the prior year. The following table summarizes the Agency's bonds payable outstanding at December 31, 2022 and 2021, and the changes in bonds payable. Dollars are expressed in thousands to provide easier comparison to the Statement of Net Position as outlined in the table of contents.

	2022	2021	% Change 2022 / 2021
Bonds Payable, Net	<u>\$ 2,107,353</u>	<u>\$ 1,941,067</u>	<u>8.6 %</u>

Additional information about the Agency's debt is presented in the notes to the financial statements.

Single Family Programs

The Agency provides a variety of residential mortgage financing programs that primarily serve low to moderate and middle-income first-time homebuyers and homebuyers purchasing in certain designated urban areas. Traditionally, the programs were funded with Mortgage Revenue Bond proceeds. In 2022, the Agency continued funding loans via the mortgage-backed securities platform (MBS) in addition to the issuance of the \$315,730 Series I bonds. This bond issue involves no refunding component. See footnote 7 for more information.

Multi-Family Programs

The Agency provides bond proceeds as loans to finance the construction and acquisition of multi-family housing projects designed to serve low-to-moderate income individuals and families.

Economic Factors

The Agency is a self-supporting entity and is not funded by the general taxing authority of the State of New Jersey. As the State's leader in affordable housing, certain market/economic factors can have an impact on the Agency's operations.

- **Trends in single family mortgage and bond rates** – Over the last five years, the interest rate environment has allowed the Agency to stay relevant in the mortgage revenue bond (MRB) market, its traditional loan financing mechanism, which has increased the Agency's ability to lend profitably at competitive loan interest rates. The Agency has expanded its mortgage-backed security (MBS) funding program, which allows the Agency to sell FHA, VA, and USDA whole loans for securitization into Ginnie Mae mortgage-backed securities and conventional whole loans to Freddie Mac.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(IN THOUSANDS)

- **Trends in foreclosure processing** – New Jersey is a judicial state and as such all foreclosures must be processed through the court system. Prior to the COVID-19 pandemic, the foreclosure process took between 18-24 months to complete. For much of 2021, foreclosures were on hold due to a foreclosure and eviction moratorium under executive order from the Governor that has now expired. As a result of the end of the moratorium, foreclosure processing increased in 2022 versus 2021 volumes. Due to increased homeowner protections and the backlog of the courts in getting through older foreclosure proceedings, the average foreclosure process timeline has increased to about 24-30 months.

Economic Factors (Continued)

- **Trends in home prices** – New Jersey has seen the number of home sales decrease in 2022 by 17.8% versus 2021 volumes. The Agency increased overall loan production by 14.4% over the same time, due to increased lender participation, launch of innovative programs, and competitive pricing versus the general mortgage market.
- **Continued Effect of Superstorm Sandy** – The recovery from Superstorm Sandy continues to influence our multifamily production. Community Development Block Grant Funds (CDBG) provided a much needed subsidy for the development of multifamily housing in the hardest hit counties served by the Agency.
- **Trends in the Agency's credit ratings** – The cost of capital available to the Agency changes as credit ratings change. In 2022, all ratings actions by Moody's and S&P on the Agency and its bond resolutions were either affirmations or maintained ratings.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's business, financial position, and fiscal accountability for the funds it generates and receives. If you have questions about any information in this report, contact the Finance Division of the New Jersey Housing and Mortgage Finance Agency.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2022
(WITH PARTIAL SUMMARIZED TOTALS FOR DECEMBER 31, 2021)
(IN THOUSANDS)

	Primary Government					
	Bonds and Obligation Funds		General Fund	Subtotal	Interfund Eliminations	Business-Type Activities
	Single Family Mortgage Component	Multi-Family Housing Component				2022 2021
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ -	\$ -	\$ 74,135	\$ 74,135	\$ -	\$ 74,135 \$ 68,828
Restricted Cash and Cash Equivalents	378,386	481,028	614,290	1,473,704	-	1,473,704 1,264,263
Investments	-	-	61,981	61,981	-	61,981 76,275
Restricted Investments	-	-	210,515	210,515	-	210,515 515
Accrued Interest Receivable on Investments	154	554	1,825	2,533	-	2,533 1,622
Mortgage Loans Receivable, Net	30,208	51,033	12,823	94,064	-	94,064 104,600
Supplemental Mortgages and Other Loans, Net	-	47	5,175	5,222	-	5,222 11,538
Fees and Other Charges Receivable	-	-	2,926	2,926	-	2,926 2,893
Accrued Interest Receivable on Mortgages	4,873	5,185	2,310	12,368	-	12,368 11,959
Due from Loan Servicers, Net	1,072	-	4,132	5,204	-	5,204 1,446
Due from Other Funds	-	-	2,473	2,473	(2,473)	- -
Other Current Assets	1,022	359	5,530	6,911	-	6,911 3,606
Total Current Assets	415,715	538,206	998,115	1,952,036	(2,473)	1,949,563 1,547,545
Noncurrent Assets:						
Investments	-	-	269,161	269,161	-	269,161 307,224
Restricted Investments	2,993	35,077	-	38,070	-	38,070 39,708
Mortgage Loans Receivable, Net	963,422	703,853	148,947	1,816,222	-	1,816,222 1,707,225
Supplemental Mortgages and Other Loans, Net	165	11,389	333,474	345,028	-	345,028 290,928
Real Estate Owned	2,055	-	-	2,055	-	2,055 2,334
Capital Assets, Net	-	-	3,867	3,867	-	3,867 4,176
Other Noncurrent Assets	-	-	6,300	6,300	-	6,300 4,512
Derivative Instrument	-	-	1,877	1,877	-	1,877 -
Total Noncurrent Assets	968,635	750,319	763,626	2,482,580	-	2,482,580 2,356,107
Total Assets	1,384,350	1,288,525	1,761,741	4,434,616	(2,473)	4,432,143 3,903,652
DEFERRED OUTFLOWS OF RESOURCES						
Pension	-	-	2,957	2,957	-	2,957 1,496
OPEB	-	-	8,130	8,130	-	8,130 5,045
Accumulated Decrease in Fair Value of Hedging						
Derivatives	-	11,311	-	11,311	-	11,311 35,505
Total Deferred Outflows of Resources	-	11,311	11,087	22,398	-	22,398 42,046

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2022
(WITH PARTIAL SUMMARIZED TOTALS FOR DECEMBER 31, 2021)
(IN THOUSANDS)

	Primary Government					
	Bonds and Obligation Funds		General Fund	Subtotal	Interfund Eliminations	Business-Type Activities
	Single Family Mortgage Component	Multi-Family Housing Component				2022 2021
LIABILITIES						
Current Liabilities:						
Bonds and Obligations, Net	\$ 34,595	\$ 77,445	\$ -	\$ 112,040	\$ -	\$ 112,040 \$ 80,990
Accrued Interest Payable on Bonds and Obligations	10,121	5,497	-	15,618	-	15,618 13,322
Subsidy Payments Received in Advance	-	-	465	465	-	465 473
Advances from State of NJ for Bond/Hsng Assist	-	-	5,533	5,533	-	5,533 5,763
Other Current Liabilities	782	265	11,292	12,339	-	12,339 10,820
Due to Other Funds	-	2,473	-	2,473	(2,473)	- -
Mortgagor Escrow Deposits	-	-	237,955	237,955	-	237,955 234,950
Total Current Liabilities	45,498	85,680	255,245	386,423	(2,473)	383,950 346,318
Noncurrent Liabilities:						
Bonds and Obligations, Net	1,142,491	852,822	-	1,995,313	-	1,995,313 1,860,077
Minimum Escrow Requirement	-	5,594	490	6,084	-	6,084 6,356
Funds Held in Trust for Mortgagors	-	3,091	318,524	321,615	-	321,615 316,142
Other Noncurrent Liabilities	-	376	4,530	4,906	-	4,906 5,200
OPEB Liability	-	-	9,101	9,101	-	9,101 11,013
Net Pension Liability	-	-	41,334	41,334	-	41,334 32,158
Derivative Instruments	-	11,311	-	11,311	-	11,311 35,505
Unearned Revenue	-	-	330,754	330,754	-	330,754 61,345
Total Noncurrent Liabilities	1,142,491	873,194	704,733	2,720,418	-	2,720,418 2,327,796
Total Liabilities	1,187,989	958,874	959,978	3,106,841	(2,473)	3,104,368 2,674,114
DEFERRED INFLOWS OF RESOURCES						
Pension	-	-	7,648	7,648	-	7,648 22,432
OPEB	-	-	20,859	20,859	-	20,859 23,187
Accumulated Increase in Fair Value of Hedging						
Derivatives	-	-	1,877	1,877	-	1,877 -
Total Deferred Inflows of Resources	-	-	30,384	30,384	-	30,384 45,619
NET POSITION						
Net Investment in Capital Assets	-	-	3,867	3,867	-	3,867 4,176
Restricted Under Bond and Obligation Resolutions	196,361	347,672	-	544,033	-	544,033 519,799
Restricted for General Fund Programs	-	-	418,832	418,832	-	418,832 82,373
Unrestricted	-	(6,710)	359,767	353,057	-	353,057 619,617
Total Net Position	\$ 196,361	\$ 340,962	\$ 782,466	\$ 1,319,789	\$ -	\$ 1,319,789 \$ 1,225,965

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022
(WITH PARTIAL SUMMARIZED TOTALS FOR DECEMBER 31, 2021)
(IN THOUSANDS)

	Primary Government				
	Bonds and Obligation Funds		General Fund	Business-Type Activities	
	Single Family Mortgage Component	Multi-Family Housing Component		2022	2021
OPERATING REVENUES					
Interest Income on Mortgage Loans	\$ 35,455	\$ 41,267	\$ 4,914	\$ 81,636	\$ 82,865
Fees and Charges	-	-	54,450	54,450	47,553
Program Income	-	-	-	-	1,679
Grant Income	-	-	40,966	40,966	32,636
Recovery of Bad Debt	8,905	29	3,054	11,988	12,639
Other Income, Net	23	293	12,961	13,277	14,818
Total Operating Revenues	44,383	41,589	116,345	202,317	192,190
OPERATING EXPENSES					
Interest and Amortization of Bond Premium and Discounts	28,617	37,002	324	65,943	66,100
Insurance Costs	-	5	967	972	879
Servicing Fees and Other	3,293	270	3,756	7,319	6,734
Salaries and Related Benefits	-	-	24,011	24,011	25,088
Professional Services and Financing Costs	7,443	769	7,310	15,522	12,199
General and Administrative Expenses	-	-	5,460	5,460	5,165
Grant Expense	-	-	38,961	38,961	33,653
Program Expense	-	-	618	618	1,167
Pension (Revenue) Expense	-	-	(3,750)	(3,750)	(5,023)
Loss on Sale of Real Estate Owned	452	-	53	505	3,210
Provision for Loan Losses	4,980	3,126	7,953	16,059	17,736
Contributions to the State	-	-	-	-	10,000
Total Operating Expenses	44,785	41,172	85,663	171,620	176,908
OPERATING INCOME (LOSS)	(402)	417	30,682	30,697	15,282
NONOPERATING REVENUES (EXPENSES)					
Contributed Cash from State	-	-	71,000	71,000	73,000
Investment Income (Loss)	3,512	5,540	(16,925)	(7,873)	(1,291)
Total Nonoperating Revenues (Expenses)	3,512	5,540	54,075	63,127	71,709
INCOME (LOSS) BEFORE TRANSFERS	3,110	5,957	84,757	93,824	86,991
TRANSFERS	18,327	(3,240)	(15,087)	-	-
INCREASE (DECREASE) IN NET POSITION	21,437	2,717	69,670	93,824	86,991
Net Position - Beginning of Year	174,924	338,245	712,796	1,225,965	1,138,974
NET POSITION - END OF YEAR	<u>\$ 196,361</u>	<u>\$ 340,962</u>	<u>\$ 782,466</u>	<u>\$ 1,319,789</u>	<u>\$ 1,225,965</u>

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(WITH PARTIAL SUMMARIZED TOTALS FOR DECEMBER 31, 2021)
(IN THOUSANDS)

	Primary Government				
	Bonds and Obligation Funds		General Fund	Business-Type Activities	
	Single Family Mortgage Component	Multi-Family Housing Component		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Interest on Mortgages and Loans	\$ 35,740	\$ 41,031	\$ 4,914	\$ 81,685	\$ 83,541
Receipts from Fees, Charges, and Other	-	292	371,087	371,379	99,656
Receipts from Principal Payments on Mortgage Receivables	165,259	194,840	272,081	632,180	391,188
Receipts (Payments) for Funds Held in Trust	-	-	8,393	8,393	(120,751)
Payments to Employees	-	-	(37,436)	(37,436)	(47,951)
Payments to Vendors	(10,746)	(1,039)	(57,153)	(68,938)	(70,554)
Payments to Mortgage Purchases and Advances	(295,162)	(161,874)	(328,585)	(785,621)	(394,504)
Payments for Interest and Amortization	(28,866)	(37,101)	1,553	(64,414)	(120,992)
Receipts (Payments) for Other	(4,978)	(112)	7,325	2,235	(602)
Net Cash Provided (Used) by Operating Activities	(138,753)	36,037	242,179	139,463	(180,969)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Bond Premium	5,548	-	-	5,548	8,910
Receipts from Proceeds of Sale of Bonds and Obligations	315,730	-	-	315,730	262,245
Payments for Retirement of Bonds	(103,155)	(48,910)	-	(152,065)	(246,546)
Contributed Cash from the State	-	-	71,000	71,000	73,000
Transfers and Other	18,327	(3,240)	(15,087)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	236,450	(52,150)	55,913	240,213	97,609
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition of Capital Assets	-	-	(137)	(137)	(395)
Net Cash Used by Capital Financing Activities	-	-	(137)	(137)	(395)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Investments	-	(12,879)	(264,389)	(277,268)	(172,286)
Sales/Maturities of Investments	-	13,498	106,746	120,244	150,634
Earnings on Investments	4,205	5,753	(17,725)	(7,767)	(78)
Net Cash Provided (Used) by Investing Activities	4,205	6,372	(175,368)	(164,791)	(21,730)
CHANGE IN CASH AND CASH EQUIVALENTS	101,902	(9,741)	122,587	214,748	(105,485)
Cash and Cash Equivalents - Beginning of Year	276,484	490,769	565,838	1,333,091	1,438,576
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 378,386</u>	<u>\$ 481,028</u>	<u>\$ 688,425</u>	<u>\$ 1,547,839</u>	<u>\$ 1,333,091</u>

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(WITH PARTIAL SUMMARIZED TOTALS FOR DECEMBER 31, 2021)
(IN THOUSANDS)

	Primary Government				
	Bonds and Obligation Funds		General Fund	Business-Type Activities	
	Single Family Mortgage Component	Multi-Family Housing Component		2022	2021
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (402)	\$ 417	\$ 30,682	\$ 30,697	\$ 15,282
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	-	-	446	446	799
(Gain) Loss on Real Estate Owned	452	-	53	505	3,211
Provision for Loan Losses	4,980	3,355	7,953	16,288	17,736
Amortization of Premium and Discounts	(2,937)	10	-	(2,927)	(2,475)
Effects of Changes in Operating Assets, Liabilities, and Deferred Outflows/Inflows of Resources:					
Mortgage Loans Receivable, Net	(143,886)	32,708	(51,541)	(162,719)	(78,597)
Fees and Other Charges Receivable	-	-	(34)	(34)	(223)
Mortgage Interest Receivable	262	(237)	-	25	1,017
Due from Loan Servicers and Insurers	374	-	(8,017)	(7,643)	5,251
Deferred Outflow of Resources	-	-	-	-	-
Other Assets	198	1	(1,407)	(1,208)	468
Derivatives	-	-	-	-	-
Real Estate Owned	(474)	-	-	(474)	(4,230)
Interest Rate Swaps	-	-	(1,878)	(1,878)	-
Due to/from Bank	-	1	-	1	(2)
Due to/from Other Funds	2	214	(216)	-	-
Deferred Outflow of Resources - Pension	-	-	(1,461)	(1,461)	3,802
Deferred Outflow of Resources - OPEB	-	-	(3,086)	(3,086)	619
Accrued Interest Payable on Bonds	2,688	(127)	-	2,561	(485)
Advance from the State of New Jersey	-	-	(230)	(230)	(6,279)
Funds Held in Trust for Mortgagor	-	-	5,473	5,473	(113,048)
Minimum Escrow Requirement	-	(187)	(85)	(272)	(356)
Mortgagor Escrow Deposits	-	-	3,005	3,005	(7,651)
Subsidy Payments Received in Advance	-	-	(9)	(9)	(475)
Unearned Revenue	-	-	269,410	269,410	5,525
Interest rate SWAPS	-	-	1,877	1,877	-
Net Pension Liability	-	-	9,176	9,176	(12,256)
OPEB Liability	-	-	(1,912)	(1,912)	(5,395)
Deferred Inflow of Resources - Pension	-	-	(14,784)	(14,784)	282
Deferred Inflow of Resources - OPEB	-	-	(2,329)	(2,329)	(2,871)
Other Liabilities	(10)	(118)	1,093	965	(618)
Net Cash Provided (Used) by Operating Activities	<u>\$ (138,753)</u>	<u>\$ 36,037</u>	<u>\$ 242,179</u>	<u>\$ 139,463</u>	<u>\$ (180,969)</u>

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF FIDUCIARY NET POSITION – OPEB TRUST
DECEMBER 31, 2022
(IN THOUSANDS)

ASSETS

Cash and Cash Equivalents	\$ 1,050
Investments (Mutual Funds)	<u>33,650</u>
Total Assets	<u><u>\$ 34,700</u></u>

LIABILITIES

Accrued Expenses and Benefits Payable	\$ 95
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NET POSITION, RESTRICTED FOR OPEB

	<u>34,605</u>
Total Liabilities and Net Position	<u><u>\$ 34,700</u></u>

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – OPEB TRUST
YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)

ADDITIONS

Employer Trust Contributions	\$ 6,491
Investment Income (Loss):	
Interest	655
Gain on Sale of Investments	856
Net Decrease in Fair Value of Investments	(6,818)
Less: Direct Investment Expenses	<u>(95)</u>
Net Investment Income (Loss)	<u>(5,402)</u>
Total Additions	1,089

DEDUCTIONS

Benefit Payments	<u>1,603</u>
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NET DECREASE IN NET POSITION

(514)

Net Position Restricted for OPEB - Beginning of Year

35,119

NET POSITION RESTRICTED FOR OPEB - END OF YEAR

\$ 34,605

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Agency

Authorizing Legislation and Organization – The New Jersey Housing and Mortgage Finance Agency (the Agency), which is established in, but not part of, the Department of Community Affairs, is a body, corporate and politic, created by the New Jersey Housing and Mortgage Finance Agency Law of 1983, constituting Chapter 530, Laws of New Jersey, 1983 (the Act), which combined the New Jersey Housing Finance Agency and the New Jersey Mortgage Finance Agency into a single agency.

The initial legislation and subsequent amendment grant the Agency the power to issue debt to finance the construction and rehabilitation of housing projects for families of low and moderate income by providing mortgage loans to qualified housing sponsors or to increase the funds available for residential mortgage and rehabilitation or improvement loans. In addition, the Agency is authorized to make loans to boarding home operators for life safety improvements.

The Agency is governed by nine members: the Commissioner of the Department of Community Affairs who serves as Chair, the State Treasurer, the Attorney General, the Commissioner of Banking and Insurance, and the Commissioner of the Department of Human Services who are members of the New Jersey Housing and Mortgage Finance Agency ex officio, and four persons appointed by the Governor with the advice and consent of the State Senate for terms of three years.

Certain bonds and other obligations issued under the provisions of the Act are general obligations of the Agency to which its full faith and credit are pledged. Certain mortgages issued from the proceeds of Multi-Family Housing Revenue Bonds are insured by the Federal Housing Administration. The Agency has no taxing power; however, certain bonds issued are separately secured, special, and limited obligations of the Agency. See Note 7 to the financial statements for a more detailed discussion of the Agency's bonds, notes, and obligations.

Federal Subsidy Programs – Many of the Agency-financed Multi-Family Housing projects (the projects) have entered into subsidy contracts with the U.S. Department of Housing and Urban Development (HUD) under Section 236 of the National Housing Act, as amended, or under Section 8 of the United States Housing Act of 1937, as amended (Section 8). The subsidies, paid to the Agency for the account of the respective projects, have been pledged, under the terms of the bond resolutions, for the security of the bondholders.

The Section 8 program provides for payment of housing assistance payments to or for the account of the owners of projects assisted under such program. The housing assistance payments represent the difference between the total contract rents (an average of 141% of fair market rents as determined by HUD) for such developments and the eligible tenants' rental payments, which are up to 30% of each such tenant's adjusted income. The housing assistance payments, as adjusted from time to time by HUD to reflect changing economic conditions and subject to the limitations of the Section 8 program, together with the tenants' rental payments, are used to pay all operating costs of the project and debt service on the project's mortgage.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of the Agency (Continued)

The Section 8 Housing Assistance Payments (HAP) received by the Projects amounted to approximately \$5,838 for the year ended December 31, 2022.

The Section 236 program provides for interest reductions on mortgages of projects assisted under the program. HUD subsidizes the difference between the actual amortization schedule on the mortgages and an amortization schedule based upon a 1% interest rate. Several Section 236 projects also receive additional rental assistance for eligible tenants. The payments represent the difference between contract rent (as defined above) and the tenants' eligible rental payments.

The Section 236 Interest Reduction Payments (IRP) received by the Agency amounted to approximately \$2,390 for the year ended December 31, 2022.

A fiduciary fund is used to account for resources held for the benefit of parties outside the Agency. The Agency's fiduciary fund is the New Jersey Housing and Mortgage Finance Agency OPEB 115 Trust Fund (the Trust). The Trust is a separate legal entity created pursuant to a trust agreement initiated by the Agency established for the sole purpose of providing health and welfare benefits for retirees and their eligible spouses and dependents as provided by the New Jersey State Health Benefits Program (the Program) and is considered a fiduciary component unit of the Agency. All resources of the Trust, including income on investments and other revenues, are held in trust to meet obligations to provide the health and welfare benefit payments to retirees and their eligible spouses and dependents. Resources of the Trust may also be used to pay reasonable expenses of administering the Trust and the Program. Trust receipts consist of contributions made by the Agency. The Trust administers its affairs through its trustee, records its assets in segregated accounts, and maintains financial records separate from the Agency.

Reporting Entity

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure and determining whether the Agency itself is a component unit, the Agency applies the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Nos. 39, 61, 80, 90, and 97. Through the application of these GASB criteria, management of the Agency determined that the Agency is a component unit of the state of New Jersey. The Agency's financial statements are discretely presented as part of the State's financial statements.

In addition, management of the Agency determined that A Better Camden Corporation is a component unit of the Agency due to control and financial accountability as further described below.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

A Better Camden Corporation

On April 17, 1997, the Board Members of the Agency approved the formation of a wholly owned subsidiary corporation, A Better Camden Corporation (ABC). The Board consists of four State Directors and three Camden Directors as follows: The Commissioner of the New Jersey Department of Community Affairs, ex officio, or his or her designee; the Executive Director of the Agency, ex officio, or his or her designee; two employees of the Agency appointed by, and serving at the pleasure of the Executive Director of the Agency; the Mayor of the City of Camden, ex officio, or his or her designee; the Executive Director of the Camden Redevelopment Agency, ex officio, or his or her designee; and one resident of Camden appointed by a majority of the other directors to serve for a term of two years. ABC was formed to stimulate and encourage the construction, rehabilitation, and improvement of adequate and affordable housing in Camden, particularly for persons of low and moderate income.

The activity and balances of ABC are immaterial to the Agency as a whole and, therefore, the Agency has chosen not to include ABC in their financial statements as a blended component unit. Separate financial statements are issued for ABC and can be obtained by contacting the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.

Basis of Presentation, Measurement Focus, and Accounting

The Agency engages only in business-type activities. The financial statements of the Agency are presented as enterprise funds and accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when earned, regardless of when the cash flow takes place. Operating costs and expenses are charged to expense as incurred. The Agency is required to follow all statements of the GASB and the accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America (GAAP).

The Trust engages only in fiduciary activities. Separate financial statements are presented for the Trust since fiduciary activity is excluded from presentation in enterprise fund financial statements. The Trust uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, regardless of when the cash flow takes place. Operating costs and expenses are charged to expense as incurred. The Trust is required to follow all statements of the GASB and the accompanying financial statements have been prepared in conformance with GAAP.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Partial Summarized Financial Information

The basic financial statements include certain prior year summarized comparative information that is not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2021, from which the summarized information was derived. Certain reclassifications have been made to prior year summarized balances in order to conform to current year presentation. The reclassifications did not affect net position or changes therein.

Descriptions of Funds

The accounts of the Agency are organized on the basis of separate enterprise funds, each of which is considered to be a separate accounting entity with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, and revenues and expenses. Within each fund there are accounts required by the respective bond resolutions.

The Agency reports the following as major funds:

General Fund – The General Fund is utilized to record transactions which are not directly related to a specific bond resolution. All Agency expenses are recorded in this fund except provisions for potential loan losses, and specific program expenses which are charged to the loan-related funds.

Multi-Family Program – The Multi-Family Program transactions relate to the construction, rehabilitation, and permanent financing of multifamily rental housing developments generally designed entirely or with a percentage of persons and families of low and moderate income or for senior citizens. Assets under the bond resolutions are restricted and are not available for any other purpose other than as stated.

Single Family Program – The Single Family Program transactions relate to the purchase of mortgage loans for owner-occupied single family residences for persons and families of low and moderate income. Assets under the bond resolution are restricted and are not available for any other purpose other than as provided.

The Agency reports the following as a fiduciary fund:

New Jersey Housing Mortgage and Finance Agency OPEB 115 Trust Fund – The Trust is a separate legal entity created pursuant to a trust agreement initiated by the Agency on December 22, 2017. The Trust is an Other Postemployment Benefit (OPEB) trust established for the sole purpose of providing health and welfare benefits for retirees and their eligible spouses and dependents as provided by the New Jersey State Health Benefits Program (the Program). All resources of the Trust, including income on investments and other revenues, are held in trust to meet obligations to provide the health and welfare benefit payments to retirees and their eligible spouses and dependents. Resources of the Trust may also be used to pay reasonable expenses of administering the Trust and the Program. Trust receipts consist of contributions made by the Agency. The Trust administers its affairs through its trustee, records its assets in segregated accounts, and maintains financial records separate from the Agency. The Trust is presented in the accompanying fiduciary fund financial statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents include highly liquid investments with a maturity of three months or less when purchased, short-term highly liquid money market funds, overnight repurchase agreements and amounts held in a tax-free cash management fund, all of which are readily convertible to known amounts of cash.

Investments

Investments in United States Government and Agency securities, asset backed securities, corporate notes and commercial paper are reported at fair value. Investments in guaranteed investment contracts (GICs) are reported at cost. The Agency's investment agreements are reported at an amount equal to principal and accrued interest.

Investments of the Trust fiduciary fund are stated at fair value. The fair value is generally based on quoted market prices at December 31, 2022.

Capital Assets and Related Depreciation

The Agency capitalizes all capital assets with an acquisition value greater than \$1,000 at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Building Improvements	25 Years
Motor Vehicles	4 Years
Machinery and Equipment	4 to 10 Years
Furniture and Fixtures	5 Years

Expenses for maintenance and repairs are charged to operating expenses. Renewals and betterments are capitalized. At the time properties are retired or otherwise disposed of, their cost and related accumulated depreciation are eliminated from the accounts and the gains or losses from such disposals are credited or charged to operations.

Real Estate Owned

Real estate owned represents real estate acquired through foreclosure and in-substance foreclosures. Real estate owned is recorded at the lower of the investment in the loan or the estimated net realizable value.

Funds and Deposits Held for Projects

Certain funds and deposits are held by the Agency's General Fund for projects in interest-bearing accounts. Such interest accrues to the benefit of the projects and is not recorded as Agency revenue.

Debt Issuance Costs, Bond Discount, and Other Bond Related Costs

Debt issuance costs except prepaid insurance costs are expensed in the period incurred. Discount and premium on bonds are unearned and amortized to interest expense using a method approximating the effective interest method.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgage Loans

Mortgage loans are stated at principal amounts outstanding, net of unearned discount. Interest income on first mortgage loans is accrued and credited to interest income as earned. The Agency is involved in foreclosure proceedings relating to both single and multi-family mortgages. For single family mortgages, the Agency allows its outside servicers to represent them in Agency-approved foreclosure proceedings. The Agency enacts foreclosure proceedings against multi-family loans at the direction of its executive director with the approval of the Agency's Board. The Agency is the first lien holder for all supplemental mortgages. Interest income on supplemental mortgages is not accrued but is credited to income as collected.

Mortgage Servicing Rights

Certain mortgage loans are sold with mortgaged servicing rights retained by the Agency. The value of mortgage loans sold with servicing rights retained is reduced by the cost allocated to the associated mortgage servicing rights. Gain or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold. The Agency estimates fair value for servicing rights based on the present value of future expected cash flows, using management's best estimate of the key assumptions—credit losses, prepayment speeds, servicing costs, earnings rate, and discount rates commensurate with the risks involved.

Capitalized servicing rights are reported at fair value and changes in fair value are reported in net income for the period the change occurs.

Allowance for Loan Losses

Certain projects have not generated sufficient cash flow to meet both operating expenses and debt service payments as a result of delays in attaining full occupancy levels, rising operating costs, or a combination thereof. The Agency has developed programs designed to provide adequate cash flow for these projects by obtaining additional rental assistance subsidies from HUD, rent increases, additional contributions by limited-dividend sponsors, the State of New Jersey Bond and Housing Assistance Funds, and the Agency's General Fund. In addition, the single family homeowners may face similar cash flow issues causing loans to become uncollectible. The Agency has provided allowances for loan losses of \$278,275 as of December 31, 2022, against mortgage loans receivable, debt service arrears receivable, supplemental mortgages, other loans, and fees and charges including provision for negative cash flows and cost overruns for these projects. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectability of the loans. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrowers' ability to pay. Economic conditions may result in the necessity to change the allowance quickly in order to react to deteriorating financial conditions of the Agency's borrowers. As a result, additional provisions on existing loans may be required in the future if borrowers' financial conditions deteriorate or if real estate values decline.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advances from the State of New Jersey for Bond and Housing Assistance

Pursuant to the provisions of agreements with the State of New Jersey Department of Community Affairs, the Agency has received funds from the 1968 and 1976 State of New Jersey General Obligation Bond Assistance Funds. These funds have been pledged as security for the bonds of certain bond resolutions and to provide supplemental financing to certain housing projects (see Note 8).

Advances from the State of New Jersey for Affordable Housing

Pursuant to the provisions of an agreement with the State of New Jersey Department of Community Affairs, the Agency has received funds to facilitate the building of low-income projects. These funds are included in restricted cash and cash equivalents.

Minimum Escrow Requirement

In accordance with the bond resolutions and/or deed and regulatory agreements, substantially all permanently financed projects are required to deposit with the Agency one month's principal and interest on their mortgage loans as security against the late payment of subsequent remittances.

Unearned Revenue

Unearned revenues arise when potential revenue has not been earned in the current period. Unearned revenues also arise when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements and/or the occurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met or when the Agency has a legal claim to the resources, the liability for the unearned revenue is removed from the statement of net position, and revenue is recognized.

Deferred Inflows/Outflows of Resources

Deferred inflows of resources, reported after total liabilities, is defined by GASB as an acquisition of net position that applies to future periods. The revenue is recognized in the applicable future period(s). The Agency has two items that are required to be reported in this category: (1) the deferred inflows from pension and (2) the deferred inflows from OPEB. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Agency has two items that are required to be reported in this category: (1) differences between expected and actual experience, changes in assumptions, and employer proportionate share of the net pension liability that are being amortized over future periods, and (2) the accumulated decrease in fair value of hedging derivatives.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the State of New Jersey State Health Benefits Plan (the Plan). For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest-earning investment contracts with a maturity at time of purchase of one year or less, which are reported at cost.

Net Position

Net position comprises the excess of revenues over expenses from operating income, nonoperating revenues, expenses, and capital contributions. Net position is classified in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any.

Restricted – Net position is reported as restricted when constraints placed on net position use either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of assets that do not meet the definition of restricted or net investment in capital assets. This component includes assets that may be designated for specific purposes by the board.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first and unrestricted resources as needed.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Nonoperating Revenues and Expenses

Operating revenues consist primarily of all revenues derived from interest income on mortgage loans, fees, and charges on mortgages and loans issued and gains on the sale of real estate owned. Investment income, which consists of interest income earned on various interest-bearing accounts and on investments in debt securities is reported as nonoperating revenues.

Operating expenses include general and administrative expenses of the Agency; salaries and benefits; costs and expenses incurred in connection with the issuance and sale of certain bonds and notes; fees and expenses of trustees and depository and paying agents; and other costs associated with the Agency's various loan programs.

Derivative Instruments

The Agency enters into various interest rate swaps in order to manage risks associated with interest on its bond portfolio.

Tax Status

The Agency is exempt from federal income taxes under the Internal Revenue Code Section 115 and from state income taxes under N.J.S.A. 27-25-16. Accordingly, no provision is recorded for federal and state income taxes.

NOTE 2 EARLY EXTINGUISHMENT OF DEBT

During the year ended December 31, 2022, as a result of the prepayment and refinancing of certain mortgages, the Agency repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds, totaling approximately \$71,495.

NOTE 3 INVESTMENTS AND DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Agency's or Trust's deposits may not be returned to it. The Agency has no formal policy as to custodial credit risk related to cash and equivalents held outside of its Bond Resolutions. Certain Bond Resolutions have varying provisions which relate to custodial credit risk including requirements that certain monies and certain deposits of funds held under Resolutions be insured by federal deposit insurance or collateralized or secured by the U.S. government, or U.S. government agency obligations. In some cases, the Trustee or paying agent is excluded from these requirements related to funds held by them in trust. In some cases, certain Bond Resolutions require that the holders (banks and other entities) of certain deposits have certain minimum long-term or short-term credit rating levels. All funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). As of December 31, 2022, the Agency's bank balance amounted to \$27,174, all of which was insured or collateralized.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Investment Policy – Agency General Fund

The Agency has established an investment policy, which pertains to assets of the Agency such as the General Fund assets, which are held outside of the Agency's Bond Resolutions. The primary investment objectives of the Agency's investment activities are to preserve principal, meet liquidity needs, further purposes of the Agency, and provide a suitable return in relationship to current market conditions and the established investment policy. The Agency's investment policy includes guidelines as to liquidity and duration, eligible investments, concentration limits, credit quality and currency. The Agency's General Fund investments are managed by BlackRock pursuant to an agreement between the Agency and BlackRock. BlackRock has been instructed to follow the Agency's aforementioned investment policy.

The investment policy permits investments in obligations issued by U.S. Treasury or guaranteed by the U.S. government as well as obligations issued by or guaranteed by U.S. federal agencies, commercial paper, repurchase agreements having maximum maturities of seven days or less that are fully collateralized by U.S. government and/or agency securities, money market mutual funds, equity investments in project specific housing and housing-related developments, and commercial bank obligations including time deposits, bank notes and bankers' acceptances, certain AA rated asset backed and AA+ rated mortgage backed securities, highly rated corporate bonds and bond obligations of the Agency.

Investment Types

The Agency holds various investments, outside of the Bond Resolutions, within the Agency's General Fund. As discussed, these investments are currently managed by BlackRock. In addition to the eligible investments permitted by the Agency's Investment Policy discussed above, the aforementioned Investment Policy also permits corporate bonds, notes, and medium-term notes.

Also permitted are asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations, however, these securities must be rated AA or higher by at least one of the national rating agencies. Equity investments in project-specific housing and housing-related developments which further the purposes of the Agency are also permitted with approval from the Agency Board. Further, excluding the aforementioned equity investments, the Agency's Investment Policy indicates the maximum effective duration of any individual security is not to exceed 10.5 years.

In addition to those investments discussed above, certain Bond Resolutions also permit guaranteed investment contracts or investment agreements, obligations or notes of certain U.S. government agencies which are not backed by the U.S. government, certain short-term and long-term debt providing the issuers fall within permissible rating categories, direct and general obligations of the state of New Jersey guaranteed by the State, obligations of states and municipalities which are fully secured by contributions contracts with the U.S. government, certain stripped U.S. Treasury securities, shares of open-end, diversified investment companies having certain minimum credit ratings and Federal Housing Administration debentures.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Investment Policy – Bond Resolutions

The Agency's Bond Resolutions govern the investment of assets and funds held under the Resolutions and, as such, establish permitted investments in which funds held under the Resolutions may be invested. Generally, the Bond Resolutions permit the deposit of funds with commercial banks and the investment of funds in time deposits and certificates of deposits, U.S. government obligations, obligations of certain U.S. Government Agencies or obligations that are guaranteed by the U.S. Government. Additionally, certain Bond Resolutions also permit the investment in money market funds with stipulated rating and maturity levels, as well as repurchase agreements, certain federal funds, commercial paper, bankers acceptances, and funds of which the New Jersey treasurer is custodian.

New Jersey and Bank of America Cash Management Funds

During the year, the Agency invested monies in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, which prescribes standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. The Fund does not have a credit rating. The Agency also utilizes Bank of America Cash Management Funds for certain project escrow accounts. These funds are invested in government securities and New Jersey municipal securities. There are no limitations or restrictions on withdrawal from the pools.

The fund is recorded at amortized cost. The fair value of the Agency's position in the fund is the same as the fair value of the pooled investment shares. As the pool is not SEC registered, the regulatory oversight of the pool rests with the New Jersey State Treasury.

The following assets held by the Agency as of December 31, 2022, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk, and custodial credit risk.

Cash and Cash Equivalents:

Cash	\$ 27,175
Money Market Funds	894,676
NJ Cash Management Fund	354,462
Bank of America Cash Management Fund	271,526
Investments	579,727
Total	<u>\$ 2,127,566</u>

The following assets held by the Fiduciary Fund of the Agency as of December 31, 2022, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk, and custodial credit risk.

Cash and Cash Equivalents:	\$ 1,050
Investments	33,650
Total	<u>\$ 34,700</u>

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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency's investment policy as to monies held outside the bond resolutions impose concentration limits on certain types of investments which may limit the Agency's exposure to market interest rate risk. Certain investment types may have varying sensitivity to changes in interest rates. Corporate bonds and notes and medium-term notes may not exceed 50% of the aggregate market value of the portfolio. Asset-backed securities may not exceed 30% of the aggregate market value of the portfolio and mortgage-backed securities and collateralized mortgage obligations may not exceed 20% of the aggregate market value of the portfolio.

The maximum effective duration of the General Fund investment portfolio for cash and cash equivalents is not to exceed 10.5 years.

As of December 31, 2022, the value and maturities for the assets related to the General Fund were as follows:

Assets	Value	Maturities (in Years)				
		Less Than 1	1-5	6-10	11-15	More Than 15
Cash and Cash Equivalents:						
Cash and Cash Equivalents	\$ 17,553	\$ 17,553	\$ -	\$ -	\$ -	\$ -
Money Market Funds	136,484	136,484	-	-	-	-
NJ Cash Management Fund	262,865	262,865	-	-	-	-
Bank of America Cash Management Fund	271,524	271,524	-	-	-	-
Investment Type:						
Money Market Funds	23,985	23,985	-	-	-	-
Obligations	324,340	257,961	36,320	30,059	-	-
Commercial Mortgage-Backed Securities	13,668	-	754	905	3,659	8,350
Collateralized Mortgage Obligations	57,257	-	31,036	7,041	5,022	14,158
Asset-Backed Securities	22,013	-	11,486	2,910	761	6,856
Municipal Bonds	14,390	-	-	-	-	14,390
Corporate Notes	86,003	8,523	73,256	4,224	-	-
Total	<u>\$ 1,230,082</u>	<u>\$ 978,895</u>	<u>\$ 152,852</u>	<u>\$ 45,139</u>	<u>\$ 9,442</u>	<u>\$ 43,754</u>

As of December 31, 2022, the value and maturities for the assets related to the Fiduciary Fund were as follows:

Assets	Value	Maturities (in Years)	
		Less Than 1	1-5
Cash and Cash Equivalents	\$ 1,050	\$ 1,050	\$ -
Mutual Funds	33,650	33,650	-
Total	<u>\$ 34,700</u>	<u>\$ 34,700</u>	<u>\$ -</u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Interest Rate Risk (Continued)

As of December 31, 2022, the value and maturities for the assets related to the Bond Resolutions were as follows:

Assets	Value	Maturities (in Years)			
		Less Than 1	5-10	11-15	More Than 15
Cash and Cash Equivalents:					
Cash and Cash Equivalents	\$ 9,622	\$ 9,622	\$ -	\$ -	\$ -
Money Market Funds	758,193	758,193	-	-	-
NJ Cash Management Fund	91,599	91,599	-	-	-
Investments:					
Guaranteed Investment Contracts	35,077	-	599	5,302	29,176
Federal Home Loan Mortgage Corp.	2,993	-	2,993	-	-
Total	<u>\$ 897,484</u>	<u>\$ 859,414</u>	<u>\$ 3,592</u>	<u>\$ 5,302</u>	<u>\$ 29,176</u>

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Agency's investment policy specifies minimum rating levels for certain types of eligible investments. Asset-backed securities must have a minimum rating of AA, while mortgage-backed securities and collateralized mortgage obligations must have a minimum rating of AA+. Further, the minimum short-term debt rating of money market instruments or other instruments with maturities of less than one year is Aaa-mf/AAAm while the minimum long-term debt rating for all other instruments, excluding the permitted equity investments, is BBB.

The Agency's Bond Resolutions establish varying minimum rating levels for different types of investments. Generally, commercial paper must be rated in the highest rating category or A-1 / P-1 and money market funds must be rated in the highest rating category or in some cases must be rated at least equal to the unenhanced rating on the bonds. Also, certain resolutions require that certain deposits or various short-term investments or cash equivalents may only be held by providers in either the highest or two highest rating categories. In some cases, certain debt obligations and state obligations must be rated in either the highest or the two highest rating categories. The Agency's guaranteed investment contracts which are permitted by certain of the Agency's Bond Resolutions are not rated, however, the Bond Resolutions which allow guaranteed investment contracts require either that the provider of such contracts have a long-term rating of double A or in some cases A-1 if the agreement term is less than one year or be rated within the two highest credit rating categories by two national credit rating agencies, must not affect the rating of the bonds or must be rated at least equal to the unenhanced rating on the bonds.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Credit Risk (Continued)

As of December 31, 2022, the General Fund had the following investments, maturities, and credit quality:

Investment Type:	Value	Weighted Average Maturity (Years)	Credit Ratings	
			S&P	Moody's
Money Market Funds	\$ 23,985	N/A		
U.S. Govt and Agency Obligations	324,340	4.03	AA+	Aaa
Commercial Mortgage- Backed Securities	13,668	2.26	AAA to AA+	Aaa
Collateralized Mortgage Obligations	57,257	3.84	AA+	Aaa
Asset Backed Securities	22,013	2.01	AAA	Aaa
Municipal Bonds	14,390	22.24	AA-	Unrated
Corporate Notes	86,003	4.03	AAA to BBB	Aaa to Baa2
Total Investments	<u>\$ 541,656</u>			

As of December 31, 2022, the Bond Resolutions had the following investments, maturities, and credit quality:

Investment Type:	Value	Weighted Average Maturity (Years)	Credit Ratings	
			S&P	Moody's
Guaranteed Investment Contracts	\$ 35,077	15.56	Unrated	Unrated
Federal Home Loan Mortgage Corp.	2,993	10.55	AA+	AAA
Total Investments	<u>\$ 38,070</u>			

Concentration of Credit Risk

The Agency's aforementioned investment policy does place limits on the amounts that may be invested in any one issuer relating to certain types of investments. There are no concentration limits on obligations of the U.S. government and U.S. federal agencies; however, obligations of all other issuers are limited such that those with any one issuer may not exceed 5% of the aggregate market value of the portfolio. The table below shows those investments of the General Fund that represented 5% or more of total investments as of December 31, 2022.

Issuer	December 31, 2022	
U.S. Treasury	\$ 324,340	59.88%

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Concentration of Credit Risk (Continued)

The Agency also purchases U.S. Government securities from certain financial institutions under agreements whereby the seller has agreed to repurchase the securities at cost plus accrued interest. During the year ended December 31, 2022, the Agency did not invest in any repurchase agreements.

Although the bond resolutions do not impose such limits, the following table shows investments of the Bond Resolutions in issuers that represent 5% or more of total investments at December 31, 2022:

Issuer	December 31, 2022	
Federal Home Loan Mortgage Corp.	\$ 2,993	7.86%
Guaranteed Investment Contracts	35,077	92.14%

Pursuant to most bond resolutions, the Agency is required to maintain certain invested debt service reserves with the Trustees to fund potential deficiencies in principal and interest required to be paid in succeeding fiscal years.

The debt service reserves required for the Multi-Family Program were \$65,797 as of December 31, 2022. The required reserves were covered by the \$30,675 restricted noncurrent investments at December 31, 2022. In addition to the above investments, the debt service reserves may be satisfied with a Surety Bond issued by a qualified insurer. The Multi-Family component had \$1,073 of Surety Bonds outstanding as of December 31, 2022. The remaining reserves were covered by restricted cash equivalents.

The debt service reserves required for the Single Family Program were \$22,701 as of December 31, 2022, which is 2% of bonds outstanding. The required reserves were covered by the \$2,993 restricted noncurrent investments at December 31, 2022, with the remainder covered by restricted money market funds.

Fair Value Measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Money market accounts and guaranteed investment contracts are recorded at amortized cost or contract value, thus are not included within the fair value hierarchy established by generally accepted accounting principles.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Fair Value Measurements (Continued)

As of December 31, 2022, the General Fund had the following recurring fair value measurements:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Government and Agency Obligations	\$ 324,340	\$ -	\$ 324,340	\$ -
Commercial Mortgage-Backed Securities	13,668	-	13,668	-
Collateralized Mortgage Obligations	57,257	-	57,257	-
Asset-Backed Securities	22,013	-	22,013	-
Municipal Obligations	14,390	-	14,390	-
Total Debt Securities	431,668	-	431,668	-
Equity Securities:				
Corporate Notes	86,003	-	86,003	-
Total Investments by Fair Value Level	\$ 517,671	\$ -	\$ 517,671	\$ -
Mortgage Servicing Rights	\$ 6,300	\$ -	\$ 6,300	\$ -
Derivative Instruments	\$ 1,877	\$ -	\$ 1,877	\$ -

As of December 31, 2022, the Fiduciary Fund had the following recurring fair value measurements:

	Quoted Prices in Active Market for Identical Assets (Level 1)
Cash and Cash Equivalents:	\$ 1,050
Investments	33,650
Total	\$ 34,700

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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Fair Value Measurements (Continued)

As of December 31, 2022, the Bond Resolutions had the following recurring fair value measurements:

- Federal Home Loan Mortgage Corporation securities of \$2,993 are valued using significant other observable inputs (Level 2).
- Pay-fixed, receive variable interest rate swap agreements of \$11,311 are valued using the matrix pricing technique (Level 2).

Investment Income

Investment income is comprised of the following elements:

Interest Income – is the return on the original principal amount invested and the amortization of premium/discount on short-term investments.

Unrealized Gain (Loss) on Investments – takes into account all changes in fair value that occurred during the year.

Investment Income (Continued)

The Agency's investment income for the year ended December 31, 2022 is:

Interest Income on Investments	\$ 19,489
Unrealized Gain on Investments	<u>(27,362)</u>
Total	<u><u>\$ (7,873)</u></u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 4 MORTGAGE LOANS RECEIVABLE

Single Family Mortgage Component

Mortgage loans held by the Single Family Mortgage Program of the Agency have stated interest rates of 1.00% to 8.70% per annum and are secured by first liens on the related real property. The outstanding balances by type of loan as of December 31, 2022 are as follows:

Mortgage Loans Receivable	\$ 1,004,236
Allowance for Loan Losses	(10,606)
Mortgage Receivable, Net	993,630
Less: Current Portion	(30,208)
Long-Term Portion	<u>\$ 963,422</u>

Multi-Family Housing Component

The Multi-Family Housing Component of the Agency's mortgage loans receivable as of December 31, 2022 consisted of the following:

Mortgage Loans Subject to Subsidy Contracts Under Section 8 of the United States Housing Act	\$ 26,457
Mortgage Loans Subject to Subsidy Contracts Under Jersey Urban Multi-Family Production Program	8,057
Mortgage Loans Subject to Subsidy Contracts Under Section 236 of the National Housing Act	51,263
Unsubsidized Mortgage Loans	701,853
Subtotal	787,630
Allowance for Loan Losses	(4,282)
Undisbursed Mortgage Loans	(28,463)
Mortgage Receivable, Net	754,885
Less: Current Portion	(51,033)
Long-Term Portion	<u>\$ 703,852</u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 4 MORTGAGE LOANS RECEIVABLE (CONTINUED)

Multi-Family Housing Component (Continued)

The Multi-Family Housing Component mortgage loans are repayable over terms originally up to 48 years and bear interest at rates from 0% to 10% per annum. Substantially all mortgage loans receivable are collateralized by first mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors. Construction advances made from the proceeds of the sale of bonds and obligations are recorded as mortgage loans receivable. These funds are disbursed for construction costs, interest, carrying fees, working capital advances, and other project-related expenses. Upon substantial completion and occupancy of the project, amortization of the loan will commence.

General Fund Component

The General Fund mortgage loans receivable as of December 31, 2022 consisted of the following:

Mortgage Loans Subject to Subsidy Contracts Under	
Section 236 of the National Housing Act	\$ 1,682
Unsubsidized Mortgage Loans	253,508
Loans Held for Sale	9,473
Subtotal	<u>264,663</u>
Allowance for Loan Losses	(102,129)
Advanced (Undisbursed) Mortgage Proceeds	<u>(764)</u>
Mortgage Receivable, Net	161,770
Less: Current Portion	<u>(12,823)</u>
Long-Term Portion	<u><u>\$ 148,947</u></u>

Mortgage Servicing Rights

Mortgage loans serviced for others are not included in the accompanying statement of net position. The unpaid principal balance of mortgage loans serviced for others amounted to \$614,825 at December 31, 2022. Mortgage servicing rights are included in Other Assets in the accompanying statement of net position. The Agency has elected to record its mortgage servicing rights using the fair value measurement method. Significant assumptions used in determining the fair value of servicing rights as of December 31, 2022, include prepayment assumptions based on the Public Securities Associations Standard Prepayment Model, an internal rate of return of 11.5% to 13.5%, servicing costs of \$85 to \$100 per loan (not in thousands), annually (with higher costs for delinquent loans) an inflation rate on servicing costs of 3% and an earnings rate of 1.50%.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 4 MORTGAGE LOANS RECEIVABLE (CONTINUED)

Mortgage Servicing Rights (Continued)

The following is a summary of mortgage servicing rights activity for the year ended December 31, 2022.

Fair Value at Beginning of Year	\$ 4,512
Changes in Fair Value	1,788
Fair Value at End of Year	<u>\$ 6,300</u>

NOTE 5 SUPPLEMENTAL MORTGAGES AND OTHER LOANS

Certain projects have received supplemental mortgages and other loans from the Agency's General Fund and/or from the State of New Jersey Bond and Housing Assistance Funds. An allowance for loan losses has not been provided on supplemental mortgages funded from the State Bond and Housing Assistance Funds because the Agency is not obligated to repay the State until the projects repay the Agency.

Single Family Housing Component

The Single Family Housing Component of the Agency's supplemental mortgage receivable and other loans as of December 31, 2022 consisted of the following:

Supplemental Mortgages	\$ 4,134
Allowance for Loan Losses	(3,969)
Long-Term Supplemental Mortgages, Net	<u>\$ 165</u>

Multi-Family Housing Component

The Multi-Family Housing Component of the Agency's supplemental mortgage receivable and other loans as of December 31, 2022 consisted of the following:

Supplemental Mortgages	\$ 11,436
Allowance for Loan Losses	-
Supplemental Mortgages, Net	11,436
Less: Current Portion	(47)
Long Term Portion	<u>\$ 11,389</u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 5 SUPPLEMENTAL MORTGAGES AND OTHER LOANS (CONTINUED)

General Fund Component

The General Fund supplemental mortgages and other loans receivable as of December 31, 2022 consisted of the following:

Mortgages Subject to Subsidy Contracts Under	
Section 236 of the National Housing Act	\$ 489
Agency Supplemental Mortgages (Unsubsidized)	345,164
Special Needs Housing Trust Fund Mortgages	169,744
State of New Jersey Supplemental Mortgages	763
Other	505
Subtotal	<u>516,665</u>
Allowance for Loan Losses	(157,740)
Undisbursed Supplemental Mortgage Proceeds	<u>(20,276)</u>
Supplemental Mortgages and Other Loans	
Receivable, Net	338,649
Less: Current Portion	<u>(5,175)</u>
Long Term Portion	<u><u>\$ 333,474</u></u>

Based on the program type, certain supplemental loans under the General Fund Component have significant allowances in place.

NOTE 6 CAPITAL ASSETS

Capital assets are summarized as follows:

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Nondepreciable Capital Assets:				
Land	\$ 1,225	\$ -	\$ -	\$ 1,225
Depreciable Capital Assets:				
Building and Building				
Improvements	17,406	137	-	17,543
Motor Vehicles	536	-	-	536
Machinery and Equipment	8,054	-	-	8,054
Furniture and Fixtures	651	-	-	651
Total	<u>26,647</u>	<u>137</u>	<u>-</u>	<u>26,784</u>
Less: Accumulated Depreciation:				
Building and Building				
Improvements	(14,994)	(220)	-	(15,214)
Motor Vehicles	(481)	(37)	-	(518)
Machinery and Equipment	(7,578)	(184)	-	(7,762)
Furniture and Fixtures	(643)	(5)	-	(648)
Total	<u>(23,696)</u>	<u>(446)</u>	<u>-</u>	<u>(24,142)</u>
Total Capital Assets, Net	<u><u>\$ 4,176</u></u>	<u><u>\$ (309)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,867</u></u>

Depreciation expense was \$446 for the year ended December 31, 2022.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 7 BONDS AND OBLIGATIONS

The Agency obtains funds to finance its various mortgage programs through the sale of bonds and other obligations. Interest on Agency bonds and obligations is generally payable monthly, quarterly or semiannually. Generally, bond principal is due in annual or semiannual installments. Term bonds are subject to redemption by application of sinking fund installments. Pursuant to the related bond and obligation resolutions, the Agency has authorized and issued as of December 31, 2022, the following bonds and obligations:

Description of Bonds as Issued	Bonds Outstanding December 31, 2021	Issued	Reductions	Bonds Outstanding December 31, 2022	Amount Due Within One Year
Single Family Housing Revenue Bonds					
2018 Series A, 3.60% to 4.50%, Due 2033 to 2048	\$ 129,750	\$ -	\$ 19,980	\$ 109,770	\$ -
2018 Series B, 1.65% to 3.80%, Due 2018 to 2032	130,890	-	20,430	110,460	9,865
2019 Series C, 2.55% to 4.75%, Due 2026 to 2050	167,995	-	12,255	155,740	-
2019 Series D, 1.90% to 4.00%, Due 2019 to 2026	37,130	-	8,700	28,430	9,000
2020 Series E, 1.50% to 3.50%, Due 2028 to 2050	238,405	-	23,355	215,050	-
2020 Series F, .550% to 1.900%, Due 2021 to 2028	39,490	-	5,165	34,325	1,090
2020 Series G, .0743% to 1.729%, Due 2021 to 2026	43,035	-	9,965	33,070	10,980
2021 Series H, .150% to 5.00%, Due 2022 to 2033	135,800	-	3,305	132,495	3,070
2022 Series I, 2.35% to 5.00%, due 2022 to 2053	-	315,730	-	315,730	590
Total Single Family Housing Revenue Bonds	922,495	315,730	103,155	1,135,070	34,595
Total Single Family Bonds Program	922,495	315,730	103,155	1,135,070	34,595
Net Premium on Bonds Payable	39,405	5,548	2,937	42,016	-
Total Single Family Bonds Payable (Net)	<u>\$ 961,900</u>	<u>\$ 321,278</u>	<u>\$ 106,092</u>	<u>\$ 1,177,086</u>	<u>\$ 34,595</u>
Description of Bonds as Issued	Bonds Outstanding December 31, 2021	Issued	Reductions	Bonds Outstanding December 31, 2022	Amount Due Within One Year
Multi-Family Housing Revenue					
1991 Series I, (Presidential Plaza) 6.50% to 7.00%, Due 1992 to 2030	\$ 64,630	\$ -	\$ 6,255	58,375	\$ 6,695
Multi-Family Housing Revenue Bonds					
1995 Resolution					
2000 Series C2, Variable Rate, Due 2001 to 2032	3,685	-	240	3,445	255
2002 Series G, Variable Rate, Due 2003 to 2025	1,560	-	415	1,145	435
2008 Series 2, 4.375%, Due 2012 to 2046	6,370	-	-	6,370	-
2013 Series 1, 0.20% to 4.25%, Due 2013 to 2039	17,755	-	1,525	16,230	2,185
2013 Series 2, 0.50% to 4.75%, Due 2013 to 2046	52,540	-	2,800	49,740	2,925
2013 Series 3, 0.60% to 5.01%, Due 2013 to 2034	11,380	-	825	10,555	890
2013 Series 5, Variable Rate, Due 2013 to 2046	90,630	-	5,555	85,075	5,705
2013 Series 6, Variable Rate, Due 2013 to 2037	12,645	-	705	11,940	745
Total Multi-Family Housing Revenue Bonds	196,565	-	12,065	184,500	13,140

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NOTE 7 BONDS AND OBLIGATIONS (CONTINUED)

Description of Bonds as Issued	Bonds Outstanding December 31, 2021	Issued	Reductions	Bonds Outstanding December 31, 2022	Amount Due Within One Year
Multi-Family Revenue Bonds 2005					
Resolution					
2009 Series D, Variable Rate, Due 2010 to 2048	\$ 14,905	\$ -	\$ 515	\$ 14,390	\$ 540
2012 Series F, 4.83%, Due 2014 to 2042	315	-	5	310	10
2014 Series A, 0.5% to 4.55%, Due 2016 to 2045	1,975	-	90	1,885	95
2014 Series B, 0.45% to 5.25%, Due 2014 to 2046	20,820	-	880	19,940	935
2015 Series A, 0.55% to 4.00%, Due 2016 to 2045	10,085	-	180	9,905	195
2015 Series C, 3.80%, Due 2016 to 2047	7,165	-	160	7,005	165
2015 Series E, 0.813% to 4.671%, Due 2015 to 2045	95,825	-	8,065	87,760	6,970
2016 Series A, 1.15% to 3.90%, Due 2018 to 2050	40,120	-	1,005	39,115	1,060
2016 Series C, 1.30% to 5.00%, Due 2016 to 2046	3,065	-	165	2,900	110
2016 Series D, 0.875% to 3.70%, Due 2016 to 2036	2,085	-	95	1,990	100
2017 Series A, 1.35% to 4.20%, Due 2018 to 2050	27,970	-	205	27,765	880
2017 Series C, 1.50% to 4.968%, Due 2017 to 2051	11,990	-	525	11,465	565
2017 Series D, 1.25% to 4.45%, Due 2017 to 2048	37,235	-	2,550	34,685	2,650
2018 Series A, 1.90% to 4.10%, Due 2019 to 2053	41,345	-	3,210	38,135	2,545
2018 Series C, 2.75% to 4.55%, Due 2019 to 2048	39,875	-	1,865	38,010	2,000
2018 Series F, Variable Rate, Due 2039 to 2048	27,185	-	-	27,185	-
2018 Series G, Variable Rate, Due 2019 to 2039	48,430	-	465	47,965	1,000
2018 Series H, Variable Rate, Due 2019 to 2039	6,560	-	240	6,320	270
2019 Series A, 1.25% to 3.15%, Due 2020 to 2053	11,865	-	50	11,815	190
2019 Series B, 1.30% to 1.50%, Due 2020 to 2023	14,355	-	-	14,355	14,355
2019 Series C, 1.90% to 4.00%, Due 2020 to 2058	48,955	-	1,185	47,770	1,800
2020 Series A, .25% to 2.625%, Due 2021 to 2056	26,250	-	355	25,895	515
2020 Series B, .35% to .55%, Due 2022 to 2024	15,230	-	6,155	9,075	7,500
2020 Series C, .5% to 3.4%, Due 2021 to 2055	38,000	-	1,700	36,300	1,725
2021 Series A, .30%-2.75%, Due 2022 to 2056	36,810	-	440	36,370	900
2021 Series B, .50%-90%, Due 2022 to 2025	49,015	-	-	49,015	9,375
2021 Series C, .683%-3.155%, Due 2022 to 2061	40,620	-	485	40,135	1,160
Total Multi-Family Revenue Bonds	<u>718,050</u>	<u>-</u>	<u>30,590</u>	<u>687,460</u>	<u>57,610</u>
Total Multi-Family Bonds Program	979,245	-	48,910	930,335	77,445
Net Discount on Bonds Payable	(77)	9	-	(68)	-
Total Multi-Family Bonds Payable (Net)	<u>979,168</u>	<u>\$ 9</u>	<u>\$ 48,910</u>	<u>930,267</u>	<u>77,445</u>
Total Bonds Payable	<u>\$ 1,941,068</u>			<u>\$ 2,107,353</u>	<u>\$ 112,040</u>

In 2022, the Agency issued \$315,730 of Single Family Housing Revenue Bonds, 2022 Series I. This bond issue, which was comprised entirely of new money proceeds, was the Agency's second single family bond issue that was self-designated as Social Bonds.

Interest paid on variable-rate tax-exempt bonds is closely correlated with The Securities Industry and Financial Markets Association Municipal Swap (SIFMA) Rate and taxable bond rates are closely correlated with LIBOR or the FHLB Discount Note rate plus a fixed spread. Generally, note resets occur quarterly, monthly, or weekly. The net proceeds of the aforementioned bonds and obligations were used to make qualified mortgage loans, purchase eligible residential mortgage and home improvement loans and/or establish debt service reserve accounts. As of December 31, 2022, there was \$29,227 of undisbursed proceeds of construction loans and \$21,305 committed but not yet closed proceeds from the sale of bonds and obligations. Such funds represent initial mortgage loan funds committed to Multi-Family Housing sponsors authorized under various resolutions.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 7 BONDS AND OBLIGATIONS (CONTINUED)

The approximate principal and interest payments required on outstanding bonds and obligations over the next five years and thereafter are as follows:

Agency Component	Fixed and Unhedged Variable Rate	
	Principal	Interest
Single Family		
2023	\$ 34,595	\$ 40,062
2024	40,645	39,073
2025	41,965	37,970
2026	41,110	36,886
2027	41,205	35,811
2028-2032	214,350	159,299
2033-2037	221,355	121,178
2038-2042	187,440	83,643
2043-2047	166,750	50,114
2048-2052	138,095	16,261
2053-2057	7,560	260
Total	<u>\$ 1,135,070</u>	<u>\$ 620,557</u>

Future Principal and Interest Requirements

Agency Component	Fixed and Unhedged Variable Rate		Hedged Variable Rate			Total Principal	Related Interest and Interest Rate Swaps, Net
	Principal	Interest	Principal	Interest	Interest Rate Swaps, Net		
Multi-Family							
2023	\$ 68,750	\$ 25,924	\$ 8,695	\$ 8,146	\$ 1,981	\$ 77,445	\$ 36,051
2024	68,440	24,423	9,655	7,985	1,486	78,095	33,894
2025	46,110	22,894	9,650	7,579	1,215	55,760	31,688
2026	37,840	21,357	9,700	7,187	1,123	47,540	29,667
2027	39,425	19,794	9,970	6,788	1,032	49,395	27,614
2028-2032	151,070	76,429	47,675	27,755	3,922	198,745	108,106
2033-2037	113,740	51,377	42,805	17,618	2,411	156,545	71,406
2038-2042	97,440	31,297	27,980	9,365	1,297	125,420	41,959
2043-2047	67,390	14,357	24,630	3,462	561	92,020	18,380
2048-2052	33,070	4,648	3,260	66	16	36,330	4,730
2053-2057	11,510	1,029	-	-	-	11,510	1,029
2058-2062	1,530	106	-	-	-	1,530	106
Total	<u>\$ 736,315</u>	<u>\$ 293,635</u>	<u>\$ 194,020</u>	<u>\$ 95,951</u>	<u>\$ 15,044</u>	<u>\$ 930,335</u>	<u>\$ 404,630</u>

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NOTE 8 CONDUIT DEBT OBLIGATIONS

The Agency may issue bonds to provide funds to local housing authorities to finance on an accelerated basis certain capital renovations and improvements to each of the authority's public housing developments. The bonds are payable from and secured primarily by Capital Fund Program monies, subject to the availability of appropriations to be paid by the United States Department of HUD to each authority. The Agency may also issue other bonds for housing development purposes. These bonds are limited commitments to the Agency. The bonds, which are considered conduit debt obligations by GASB, do not constitute a debt or pledge of the faith and credit of the Agency and, accordingly, have not been reported in the accompanying financial statements. At December 31, 2022, conduit debt outstanding aggregated \$1,323,545.

The Agency's MF Conduit Bonds outstanding as of December 31, 2022 are as follows:

Conduit Project	Series	Closing Date	Debt Issuance	Balance 12/31/2021	Balance 12/31/2022
Capital Funds Program Revenue Bonds*	2004-A	12/23/2004	\$ 79,860	\$ 13,840	\$ 9,510
Capital Funds Program Revenue Bonds*	2007-A	8/15/2007	18,585	4,635	3,955
2006-A Meadow Brook Apartments	2006-A	9/9/2006	8,350	6,110	6,005
Woodbury Oakwood Housing Project	2011-A	12/21/2011	4,550	4,160	4,095
Asbury Park Gardens	2012-A	7/1/2012	14,310	12,525	12,385
Washington Dodd Apartments	2012-F	12/12/2012	19,755	16,310	15,995
Carl Miller Homes	2012-C	12/28/2012	31,656	2,406	2,357
Hampshire House	2012-D	1/11/2013	6,400	5,845	5,750
Alexander Hamilton III	2013-B	2/20/2013	11,762	502	493
Mclver Homes	2013-C	5/23/2013	5,200	3,945	3,760
Great Falls	2013-M	1/9/2014	15,400	14,316	14,109
Brigantine Apts.	2014-G	1/30/2014	11,510	10,495	10,340
Catherine Todd	2014-N	10/24/2014	9,415	4,236	4,185
Atlantic City Townhouses	2014-P	12/23/2014	17,800	12,737	12,547
Glennview Townhouses Phase II	2014-R	12/30/2014	6,243	2,867	2,832
Willows at Waretown	2014-M	6/27/2014	9,281	2,315	2,286
Paragon Village Senior Living Campus	2015-Q	2/27/2015	13,700	12,950	12,765
Fairview Homes	2015-L	5/7/2015	13,200	12,008	11,794
609 Broad	2015-D	5/12/2015	66,800	45,450	44,875
Lexington Manor	2015-B	6/29/2015	11,750	10,430	10,275
Hollybush I & II	2015-S	10/14/2015	14,500	13,585	13,405
Riverside Arms	2015-H	11/20/2015	17,550	11,158	11,019
Edward Sisco Senior Citizens Village	2015-O	12/4/2015	18,232	14,273	13,522
North 25 Apartments	2015-F	12/15/2015	14,850	13,995	13,800
Brunswick Estates	2015-AA	12/17/2015	27,000	9,802	9,674
Egg Harbor	2015-BB	12/30/2015	10,790	817	805
Colt Arms	2016-A	1/15/2016	21,455	15,755	15,295
Pavilion	2016-B	3/1/2016	26,667	21,156	20,350
The Aspire Project	2016-1	5/24/2016	49,935	49,935	49,935
Ocean Towers	2016-E	5/26/2016	9,200	5,936	5,652
Wesmont Station	2016-J	6/27/2016	2,638	2,499	2,468
Glassworks at Aberdeen	2016-L	8/23/2016	17,540	2,832	2,790
Keansburg Mixed Income	2016-I	9/27/2016	35,745	14,600	14,402
999 Broad Phase I	2016-H	11/1/2016	10,706	9,641	9,405
Montgomery Gardens Family Phase I	2016-M	11/21/2016	23,573	9,464	9,351
Oak Lane at Little Egg Harbor	2017-C	3/10/2017	8,977	1,449	1,432
New Horizons Phase I	2017-A	4/12/2017	20,798	5,326	5,267
Montgomery Heights II	2017-3	4/28/2017	21,300	7,815	7,722
Willows at Whiting	2017-1	5/5/2017	10,079	1,934	1,911
Jacobs Landing	2017-2	5/18/2017	17,065	3,096	3,064
Residences at Willow Pond Village	2017-H	5/24/2017	2,089	1,989	1,963

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NOTE 8 CONDUIT DEBT OBLIGATIONS (CONTINUED)

Conduit Project (Continued)	Series	Closing Date	Debt Issuance	Balance 12/31/2021	Balance 12/31/2022
Stafford Senior Apartments	2017-E	5/31/2017	\$ 13,065	\$ 548	\$ 497.00
Bridgeton Villas	2017-4	6/19/2017	9,553	7,082	6,984.00
Berkeley Terrace Apartments	2017-G	7/14/2017	17,500	15,635	15,463.00
New Hope Village	2017-D	9/14/2017	14,511	8,186	8,027.00
Victorian Towers	2017-5	10/31/2017	13,067	9,303	9,178.00
Gardens Family & Senior	2017-7	11/21/2017	23,568	22,947	22,616.00
Douglas Homes	2017-8	11/21/2017	12,583	12,251	12,075.00
Roseville Senior	2017-9	11/21/2017	7,238	6,551	6,456.00
Commons Family & Senior	2017-10	11/21/2017	40,321	33,622	33,137.00
Perth Amboy Housing Authority Family RAD	2017-K	11/30/2017	11,300	2,264	2,219.00
Washington Street/ St. James	2017-6	11/30/2017	17,375	17,098	16,901.00
Marveland Crescent	2017-M	12/22/2017	5,955	2,833	2,798.00
Cedar Meadows Apartments	2017-11	12/22/2017	16,070	10,303	10,184.00
Heritage Village at Galloway	2018-G 1,2	9/11/2018	16,021	1,027	1,015.00
Manahawkin Family Apartments	2018-I	11/15/2018	9,690	1,501	1,427.00
Flemington Junction Apartments	2018-J	11/1/2018	4,659	4,504	4,448.00
North Brunswick Crescent	2018-L 1,2	11/20/2018	15,255	14,806	14,625.00
Dalina Manor	2018-M	11/2/2018	2,804	2,713	2,679.00
Vista Village Apartments	2018-1	8/23/2018	10,263	3,395	3,358.00
Harvard Printing Apartments	2018-2	10/25/2018	9,690	9,311	9,171.00
Waretown Family Apartments	2019-A	2/8/2019	8,940	778	713.00
The Station at Grant Avenue	2019-B1,2	4/18/2019	15,415	7,046	4,149.00
Riverside Senior Apartments	2019-D	12/20/2019	15,070	15,070	-
Riverside Family Apartments	2019-F	12/20/2019	37,480	37,480	-
Al Gomer Residence	2019-1A,B	5/16/2019	9,525	7,743	7,655.00
Daughters of Israel	2019-2A,B	5/16/2019	19,770	19,600	19,482.00
Howell Family Apartments	2019-3A,B	4/5/2019	12,180	2,522	2,429.00
Sencit Liberty Apartments	2019-4A,B	9/30/2019	23,211	23,211	11,972.00
Franklin Square Village	2019-5	8/19/2019	25,500	25,500	24,323.00
Greater Englewood Apartments	2019-6	12/19/2019	22,600	22,000	21,717.00
Cooper Plaza Townhomes Preservation	2019-7A,B	12/12/2019	6,900	3,056	3,023.00
540 Broad Street	2019-8A	12/19/2019	15,000	15,000	15,000.00
Wemrock Senior Living	2020-1	5/7/2020	9,300	4,727	4,679.00
Post Road Gardens	2020-A	5/22/2020	36,800	36,800	-
Netherwoods Village	2020-2	12/4/2020	14,350	14,190	14,011.00
Baldwin Oaks	2020-3	12/31/2020	36,160	35,702	35,186.00
Audubon Towers	2021-2	4/6/2021	12,000	11,918	11,771.00
Whitlock Mills	2021-1	8/31/2021	26,321	26,321	26,193.00
Essex Plaza One	2021	10/27/2021	72,500	72,431	71,620.00
Zion Towers	2021-4	11/18/2021	33,150	33,150	31,738.00
Cherry Gardens	2021-B	12/16/2021	37,870	37,870	37,360.00
Browns Woods	2021-A	12/22/2021	12,825	12,825	12,825.00
Morristown Senior	2021-3	12/23/2021	31,710	31,710	31,395.00
OAHS Arlington	2022-1	3/29/2022	25,240	-	25,042.00
New Brunswick	2022-C2	6/29/2022	18,500	-	18,500.00
New Brunswick	2022-C1	6/29/2022	5,000	-	5,000.00
Amity Heights	2022-A	7/8/2022	29,067	-	29,067.00
Norman Towers	2022-2	7/15/2022	76,975	-	76,622.00
Tamarack Station	2022-4	9/21/2022	24,195	-	24,146.00
Crestbury Apartments	2022-D1&D2	9/23/2022	41,560	-	41,560.00
Corinthian Towers	2022-3	10/20/2022	26,000	-	26,000.00
Bergenvue Apartments	2022-5A&5B	10/25/2022	20,270	-	20,270.00
Baltic Plaza	2022-6	12/8/2022	19,769	-	19,769.00
Essex Plaza 2 & 3	2022-9	12/9/2022	35,800	-	35,800.00
New York Avenue	2022-8	12/13/2022	17,549	-	17,549.00
OAHS Manahan Village	2022-7A&7B	12/15/2022	10,176	-	10,176.00
Total Conduit Debt			<u>\$ 1,911,382</u>	<u>\$ 1,097,669</u>	<u>\$ 1,323,545</u>

*Capital Fund bonds to finance certain capital renovations

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NOTE 9 FUNDS HELD IN TRUST FOR MORTGAGORS

Funds held by the Agency for its projects include proceeds from conversion of projects from nonprofit to limited dividend status in the form of development cost and community development escrows and unspent subsidies. These funds are available to absorb initial operating deficits, construction overruns, provide additional amenities to the projects, and for other contingencies.

Funds held in trust for mortgagors as of December 31, 2022 include the following:

General Fund:	
Community Development Escrows	\$ 2,230
Development Cost Escrows	419
Other Funds Held in Trust	315,875
Total General Fund	318,524
Multi-Family Housing Component	3,091
Total	<u>\$ 321,615</u>

NOTE 10 MORTGAGOR ESCROW DEPOSITS

The Agency holds, in escrow, monthly deposits from the projects for payments of property and liability insurance, hazard insurance, payments in lieu of taxes, and major repairs and replacements and undisbursed earnings. Mortgagor escrow deposits as of December 31, 2022 include the following:

General Fund:	
Reserve for Repairs and Replacements	\$ 49,024
Tax and Insurance Escrows	188,931
Total	<u>\$ 237,955</u>

NOTE 11 CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity is summarized as follows:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One Year
Bonds and Obligations, Net	\$ 1,941,068	\$ 321,287	\$ (155,002)	\$ 2,107,353	\$ 112,040
Minimum Escrow Requirement	6,356	88	(360)	6,084	-
Funds Held in Trust for Mortgagor	316,142	7,421	(1,948)	321,615	-
Other Noncurrent Liabilities	5,200	244	(538)	4,906	-
OPEB Liability	11,013	-	(1,912)	9,101	-
Net Pension Liability	32,158	9,176	-	41,334	-
Derivative Instruments	35,505	-	(24,194)	11,311	-
Unearned Revenues	61,345	300,029	(30,620)	330,754	-
Total	<u>\$ 2,408,787</u>	<u>\$ 638,245</u>	<u>\$ (214,574)</u>	<u>\$ 2,832,458</u>	<u>\$ 112,040</u>

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NOTE 12 NET POSITION

Changes in net position are summarized as follows:

	Net Investment in Capital Assets	Restricted	Unrestricted	Total
Net Position at December 31, 2021	\$ 4,176	\$ 595,542	\$ 626,247	\$ 1,225,965
Net Income	-	352,236	(258,412)	93,824
Acquisition of Capital Assets	137	-	(137)	-
Transfer	-	15,087	(15,087)	-
Depreciation on Capital Assets	(446)	-	446	-
Net Position at December 31, 2022	<u>\$ 3,867</u>	<u>\$ 962,865</u>	<u>\$ 353,057</u>	<u>\$ 1,319,789</u>

Restricted Under Bond and Obligation Resolutions

As described in Note 3, monies within each Bond and Obligation Fund are pledged as security for the respective bondholders, and thus are restricted as to their application.

Restricted

Restricted net position represents the portion of total net position restricted by the various programs established for the sole purpose of providing housing and residential opportunities for individuals with special needs. All restricted amounts are net of related liabilities.

Appropriated General Fund Net Position

Appropriated General Fund net position is unrestricted net position that has been designated by the Agency's members for the following purposes at December 31, 2022. The appropriated general fund net position makes up part, but not all, of the unrestricted net position reported on the statement of net position.

ABC Corporation	\$ 9
Bond Refunding Proceeds	1,625
CDBG Advance Funding	2,283
CDBG RAP	1,481
CHOICE	2,076
Developmental Disabilities Partnership	2,251
Foreclosure Mediation Assistance Program	2,488
Homeless Management Information System	100
Hospital Partnership Subsidy Program	36,348
MBS Mortgage Backed Security Start up	782
Neighborhood Redevelopment and Revitalization	9,490
NJHMFA Portion of Undisbursed Mtg. Proceeds	31
Non-Bond Multi-Family Program	50,955
Portfolio Reserve Balance	574
Smart Start	4,047
Special Needs Housing Subsidy Loan Program	18,616
Special Needs Revolving Loan Program	822
Strategic Zone Lending Pool	5,731
UHORP Mortgage Commitment	1,145
Total	<u>\$ 140,854</u>

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NOTE 13 PENSION PLAN

Plan Description

The Agency contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. This plan provides retirement, death and disability, and medical benefits to qualified members. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Plan Benefits and Membership

The following represents the membership tiers for PERS:

Tier	Definition
1	Members Who Were Enrolled Prior to July 1, 2007
2	Members Who Were Eligible to Enroll on or After July 1, 2007, and Prior to November 2, 2008
3	Members Who Were Eligible to Enroll on or After November 2, 2008, and Prior to May 22, 2010
4	Members Who Were Eligible to Enroll on or After May 22, 2010, and Prior to June 28, 2011
5	Members Who Were Eligible to Enroll on or After June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credits, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the active member contribution rate was 7.50% in State fiscal year 2022. Employer contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

The Agency's contributions to the plan for fiscal years ended December 31, 2022, 2021, and 2020, were \$3,454, and \$3,179, respectively, and were equal to the required contributions.

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NOTE 13 PENSION PLAN (CONTINUED)

Net Pension Liability

The net pension liability (NPL) was calculated for each entity within PERS based on a methodology that allocates the NPL and pension amounts based on the proportion of the total contributions made by each entity during the measurement period. The NPL was determined based on an actuarial valuation as of July 1, 2021, using updated actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The proportionate share for the Agency is 0.1846%, a decrease of 0.16% from the prior year amount of 0.3452%. At December 31, 2022, the Agency reported a NPL of \$41,334 for its proportionate share of the NPL.

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

For the year ended December 31, 2022, the Agency recognized pension revenue of \$3,750. At December 31, 2022, the Agency 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
Net Difference Between Expected and Actual Experience	\$ 298	\$ 263
Changes of Assumptions	127	6,189
Changes in Proportion	821	1,196
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,711	-
Total	<u>\$ 2,957</u>	<u>\$ 7,648</u>

Actuarial Assumptions

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ (2,390)
2024	(1,218)
2025	(594)
2026	1,295
2027	(1,784)
Total	<u>\$ (4,691)</u>

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NOTE 13 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The total pension liability (TPL) for the year ended June 30, 2022, was measured as of a valuation date of July 1, 2021, and projected to June 30, 2022 using the entry age normal cost method. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. Significant actuarial assumptions used in the valuation included:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through All Future Years	2.75 - 6.55% Based on Years of Service
Long-Term Expected Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% per annum at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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NOTE 13 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S Equity	27.00 %	8.12 %
Non-U.S. Developed Markets Equity	13.50	8.38
Emerging Markets Equity	5.50	10.33
Private Equity	13.00	11.80
Real Estate	8.00	11.19
Real Assets	3.00	7.60
High Yield	4.00	4.95
Private Credit	8.00	8.10
Investment Grade Credit	7.00	3.38
Cash Equivalents	4.00	1.75
U.S. Treasuries	4.00	1.75
Risk Mitigation Strategies	3.00	4.91

Discount Rate

The discount rate used to measure the total pension liability was 7.0% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. 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 plan investments was applied to all projected benefit payments to determine the pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total Net Pension Liability PERS			
Local Group	\$ 19,552,194,509	\$ 22,386,831,046	\$ 19,706,077,936
Agency's Proportionate Share	36,093	41,334	36,377

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 14 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Agency is a local employer in the State of New Jersey State Health Benefits Plan (SHBP). The State administers the plan and has the authority to establish and amend certain benefit provisions offered. The State's plan is considered a single employer defined benefit plan under the umbrella of the State plan. The Agency maintains a Trust that is a separate entity included as a fiduciary fund in the Agency's financial statements.

Benefits Provided

The Agency is responsible for the cost of health benefits provided to members of PERS who retired from the Agency with 25 years of service along with their spouses, and some dependent children. The plan offers comprehensive benefits through various plan providers consisting of hospital, medical, health, substance abuse, and prescription drug programs. At the valuation date of January 1, 2022, the following employees were covered by the benefit terms:

Active Plan Members	265
Retirees Currently Receiving Benefit Payments	103
Total	<u>368</u>
Spouses of Retirees	<u>58</u>

Contributions

On June 28, 2011, the State of New Jersey Legislature passed Pension and Health Benefits Reform. This legislation requires all employees to contribute a certain percentage of their health benefit premiums towards the cost of their coverage. The percentage is tiered based on coverage type and salary. The percentages range from 1% – 8.75% of the insurance premium based on salary, with a minimum of 1.5% of salary to be contributed. During the year ended December 31, 2022, the Agency paid \$6,490 in health insurance premiums for current employees. The Agency also paid \$1,603 for the year ended December 31, 2022, towards benefits for eligible retired members. Retired employees who are eligible for Medicare are also reimbursed for their portion of Medicare insurance premiums on a pay-as-you-go basis.

Net OPEB Liability

The Agency's net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, which was rolled forward to a measurement date of December 31, 2022, for purposes of calculating the net OPEB liability.

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NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary Increases	3.50%
Investment Rate of Return	5.25%
Healthcare Cost Trend Rates	6.10% for 2021 to 2022 increasing to an ultimate rate rate of 3.7% in 2090 to 2091

The plan has not had a formal actuarial experience study performed. Mortality rates were based on the PUBGH-2010 Mortality Tables head count weighted, projected forward using Mortality Improvement Scale MP-2021 from 2010 base year on a generational basis. The other actuarial assumptions are based on statewide experience study reports for the State of New Jersey.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table as of December 31, 2022:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Cash	3.00 %	0.61 %
U.S. Core Fixed Income	47.00	2.27
U.S. Large Cap	10.50	5.64
U.S. Large & Mid Cap Growth	8.00	5.89
U.S. Large & Mid Cap Value	8.00	5.41
U.S. Mid Cap	7.00	5.99
US Small Caps	4.00	7.25
Non-U.S. Equity	10.00	7.65
Foreign Developed	1.25	6.90
Emerging Markets	1.25	9.58
Total	100.00 %	

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NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

Discount Rate

The discount rate used to measure the OPEB liability was 5.25%. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
		Plan	
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at December 31, 2021	\$ 46,132	\$ 35,119	\$ 11,013
Changes for the Year:			
Service Cost	1,207	-	1,207
Interest on Total OPEB Liability	2,095	-	2,095
Differences Between Expected and Actual Experience	78	-	78
Effect of Assumptions, Changes, or Inputs	(4,203)	-	(4,203)
Employer Contributions	-	6,490	(6,490)
Net Investment Income	-	(5,401)	5,401
Benefit Payments	(1,603)	(1,603)	-
Net Changes	(2,426)	(514)	(1,912)
Balances at December 31, 2022	<u>\$ 43,706</u>	<u>\$ 34,605</u>	<u>\$ 9,101</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.

The following presents the net OPEB liability of the Agency calculated using the discount rate of 4.50%, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current discount rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Net OPEB Liability	\$ 15,911	\$ 9,101	\$ 3,549

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NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.

The following presents the net OPEB liability of the Agency calculated using the current healthcare cost trend rates as well as what the Agency's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. No trend is assumed for 2022 since plan premiums did not increase between 2021 and 2022. Healthcare cost trend rates through 2101 range from 31.90% to 3.6%:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 2,288	\$ 9,101	\$ 17,767

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the accompanying financial statements.

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2022, the Agency recognized OPEB revenue of \$6,490. At December 31, 2022, the Agency reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ 581	\$ 149
Changes of assumptions	20,278	4,243
Net Difference Between Projected and Actual Earnings	-	3,738
Total	<u>\$ 20,859</u>	<u>\$ 8,130</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ (2,797)
2024	(2,489)
2025	(2,117)
2026	(1,858)
2027	(3,235)
Thereafter	(233)
Total	<u>\$ (12,729)</u>

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NOTE 15 DEFERRED COMPENSATION ACCOUNT

The Agency offers its employees a choice of two Deferred Compensation Plans in accordance with Internal Revenue Code Section 457. The Plans, available to all full-time employees at their option, permit employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Agency or its creditors.

NOTE 16 RESERVE FOR INTEREST REBATE

The Tax Reform Act of 1986 placed restrictions on the investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be related to the United States Treasury Department within 60 days of the end of the fifth bond year. A bond year is defined as ending on the anniversary date of the bond settlement.

The Agency has various issues of bonds outstanding, which also had various settlement dates. Rebate calculations on these bonds are required to be made at least once every five years. However, the Agency prepares annual rebate calculations for purposes of determining any contingent liability for rebate.

As of December 31, 2022, there is no rebate liability.

NOTE 17 DERIVATIVE INSTRUMENTS

The Agency has several variable rate bond series currently outstanding. In order to protect against the potential of rising interest rates, the Agency entered into various pay-fixed, receive-variable interest rate swaps at a cost anticipated to be less than what the Agency would have paid to issue fixed-rate debt. In some cases, the notional principal of the swap initially increases as the borrowed funds are anticipated to be loaned out. For footnote purposes, the fair values of the Agency's derivatives have been presented.

For each of the interest rate swaps, the Agency used one of the following methods to evaluate the hedge effectiveness of the potential hedging derivative instrument: consistent critical terms method, synthetic instrument method, or regression analysis method. The consistent critical terms method evaluates effectiveness by qualitative consideration of the uniformity of the significant terms of the hedgeable item with the terms of the potential hedging derivative instrument. If the relevant terms match, or in certain instances are similar, the potential hedging derivative instrument is determined to be effective. The synthetic instrument method evaluates effectiveness by combining the cash flows on the derivative with the cash flows on the hedged item to create a new instrument. The synthetic rate on the cash flows is calculated based on the combination of all the cash flows and is compared against the fixed rate on the derivative.

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NOTE 17 DERIVATIVE INSTRUMENTS (CONTINUED)

A potential hedging derivative instrument is effective if the actual synthetic rate is within a range of 90% to 111% of the fixed rate of the potential hedging derivative instrument to be substantially fixed. The regression analysis method examines the statistical relationship between changes in the fair values or cash flows of a hedged item and its associated potential hedging derivative. For a potential hedging derivative instrument evaluated using regression analysis to be considered effective for financial reporting purposes, the analysis should produce an R-squared of at least 0.80, an F-statistic that indicates statistical significance at the 95% confidence level, and a regression coefficient for the slope between -1.25 and -0.80.

Terms, Fair Values, and Credit Risk

At December 31, 2022, all derivatives met the criteria for effectiveness.

The terms and fair values of the outstanding swaps as of December 31, 2022, are summarized in the following tables. The swaps are utilized to hedge the risk from the associated variable rate debt. The Agency's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable category. The Agency pays a fixed interest rate on the notional amount that represents the principal amount of the related bonds. The Agency receives either 1-month LIBOR times the notional amount for the taxable borrowings, or a percentage of 1-month LIBOR plus a fixed spread or The Securities Industry and Financial Markets Association Municipal Swap (SIFMA) Index times the notional amount for the tax-exempt borrowings from the counterparty, plus a fixed spread as applicable, as listed below. Where possible, only the net difference will be exchanged with the counterparty and the Agency continues to pay interest to the certificate-holders at the variable rate provided on the bonds. The purpose of the swap is to mitigate interest rate risk. The Agency will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 17 DERIVATIVE INSTRUMENTS (CONTINUED)

The following table presents both the hedging derivative value and the off-market loan balances for swaps at December 31, 2022. This presentation has no effect on the net position of the Agency.

Associated Bond Issue	Variable Rate Bonds Outstanding	Swap Notional Amount	Swap Effective Date	Swap Termination Date	Fixed Rate Paid	Variable Rate Received	Hedging Derivative Value	Off-Market Loan Balance	Counterparty	Counterparty Credit Rating (Moody's/S&P/ Fitch)
Cash Flow Hedges:										
MHRB 2002-G	\$ 1,145	\$ 1,145	10/2/2002	5/1/2025	6.2450%	1-Mo LIBOR	\$ (28)	\$ -	Merrill Lynch Capital Services, Inc. (MLCS)	NR / A- / AA-
MHRB 2013-5	85,075	22,090	11/1/2002	5/1/2029	4.9888%	USD-SIFMA Municipal Swap Index	968	(2,265)	Merrill Lynch Capital Services, Inc. (MLCS)	NR / A- / AA-
MHRB 2013-5		16,200	11/1/2003	5/1/2033	4.3355%	USD-SIFMA Municipal Swap Index	869	(1,929)	Goldman Sachs MMDP	NR / AA- / NR
MHRB 2013-5		45,730	5/1/2005	5/1/2024	4.0010%	67% 1M LIBOR + 18bp	1,182	(1,302)	Bank of America, N.A.	Aa2 / A+ / AA
MHRB 2013-6	11,940	5,565	5/8/2003	5/1/2035	5.2810%	1-Mo LIBOR	412	(774)	Bank of America, N.A.	Aa2 / A+ / AA
MHRB 2013-6		6,510	5/1/2004	11/1/2037	5.3150%	1-Mo LIBOR	639	(1,115)	JPMorgan Chase Bank, N.A.	Aa1 / A+ / AA
MRB 2018-F- HMFA #1426 - Heritage Village at Manalapan	27,185	2,165	1/1/2009	11/1/2038	4.4500%	USD-SIFMA Municipal Swap Index + 33bp	128	(226)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2018-F- HMFA #2190 - Royal Crescent		2,650	10/1/2008	11/1/2038	4.4950%	USD-SIFMA Municipal Swap Index + 33bp	158	(286)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2018-F; MRB 2018-G	47,965	47,725	8/21/2008	5/1/2048	4.6330%	USD-SIFMA Municipal Swap Index	3,571	(7,450)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2018-G		18,290	11/1/2006	5/1/2046	4.0493%	60.8% of 1-Mo LIBOR + 34 bp	821	(2,478)	Bank of America, N.A.	Aa2 / A+ / AA
MRB 2018-G		4,325	5/1/2006	11/1/2039	4.3900%	USD-SIFMA Municipal Swap Index	26	(473)	JPMorgan Chase Bank, N.A.	Aa1 / A+ / AA
MRB 2018-H- HMFA #2265 -	6,320	2,070	10/1/2009	11/1/2039	6.1460%	1-Mo LIBOR + 80bp	120	(312)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
Sharp Road MRB 2018-H		1,625	11/1/2005	5/1/2036	5.4350%	1-Mo LIBOR	72	(251)	JPMorgan Chase Bank, N.A.	Aa1 / A+ / AA
MRB 2018-H		2,625	11/1/2008	11/1/2038	5.6025%	1-Mo LIBOR	158	(385)	Bank of America, N.A.	Aa2 / A+ / AA
MRB 2009-D HMFA 2101 - Acorn	14,390	1,170	5/1/2009	5/1/2039	5.8570%	1-Mo LIBOR + 40bp	34	(157)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2009-D HMFA 1352 - King		6,055	11/1/2008	11/1/2038	5.5160%	1-Mo LIBOR + 25bp	187	(739)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2009-D HMFA 2171 - Royal		1,270	8/1/2009	11/1/2047	5.8860%	1-Mo LIBOR + 40bp	49	(206)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2009-D HMFA 2272 - Toms		3,010	9/1/2009	11/1/2039	5.3420%	1-Mo LIBOR + 25bp	83	(314)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2009-D HMFA 1437 - Trenton		1,090	8/1/2008	11/1/2038	5.5660%	1-Mo LIBOR + 25bp	37	(135)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
Rate Lock - HMFA 3518 - Clinton Woods		10,090	1/1/2024	11/1/2061	1.8380%	100% SOFR	1,753	(79)	Bank of America, N.A.	Aa2 / A+ / AA
Rate Lock - HMFA 3485 - Tavistock		5,225	1/1/2025	11/1/2054	2.7290%	100% SOFR	274	(71)	Bank of America, N.A.	Aa2 / A+ / AA
	<u>\$ 194,020</u>	<u>\$ 206,625</u>					<u>\$ 11,513</u>	<u>\$ (20,947)</u>		
							1, 2	1, 2		

MHRB = Multi-Family Housing Revenue Bonds
MRB = Multi-Family Revenue Bonds

Σ 1 = Derivative instrument \$ (9,434)
Σ 2 = Accumulated decrease in fair value of hedging derivative (9,434)

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 17 DERIVATIVE INSTRUMENTS (CONTINUED)

Credit Risk

The aggregate notional outstanding amount of hedging derivative instrument positions at December 31, 2022, was \$206,625. This portfolio of derivative instruments is used to hedge \$194,020 of the Agency's total variable rate debt of \$197,465 as of December 31, 2022.

The swap agreements contain varying collateral agreements with the counterparties. At any point in time in which the outstanding swaps have positive fair values, each swap counterparty is required to post collateral to a third party when their credit rating, as determined by the specified nationally recognized credit rating agencies, falls below a trigger level as defined in the swap agreements. This protects the agency by mitigating the credit risk, and therefore termination risk, inherent in the swap. Collateral on all swaps is to be in the form of U.S. government securities held by a third-party custodian.

Basis Risk

Basis risk exists to the extent the Agency's variable-rate bond coupon payments do not exactly equal the index on the swap. The Agency's tax-exempt bonds are hedged with tax-exempt SIFMA based swaps and percentage of LIBOR swaps. The Agency's taxable bonds are hedged with taxable, LIBOR-based swaps. In this way, basis risk should be minimized.

Interest Rate Risk

The Agency's interest rate swaps serve to guard against a rise in variable interest rates associated with its outstanding variable rate bonds. In addition, certain bond proceeds are invested in other variable rate investment obligations in order to further mitigate interest rate risk on the variable rate bonds.

Termination Risk

The Agency retains the right to terminate any swap agreement at the market value prior to maturity, and the Agency was granted the right to cancel certain agreements, in whole or in part, at Par. The Agency has termination risk under the contract particularly if an Additional Termination Event (ATE) as defined in the swap documents were to occur. An ATE occurs if either the credit rating of the bonds associated with a specific swap, or the credit rating of the swap counterparty falls below a threshold defined in each swap agreement. The Agency has purchased termination payment insurance on certain swap contracts, which acts as a buffer against a portion of potential termination payments if an ATE was to occur. As long as the swap insurer maintains at least a minimal rating as defined in the swap documents, the insurance policy will allow the Agency to avoid termination due to a decline in the credit rating of the agency bonds. If at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 18 INTERFUND ALLOCATION AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund services are provided or reimbursement occurs, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are normally made from the General Fund to the Housing Components to assist in funding bond issuances and cover related administrative expenses.

Interfund Receivable:	
General Fund	<u>\$ 2,473</u>
Interfund Payable:	
Multi-Family Housing Component	<u>\$ 2,473</u>
Transfers:	
General Fund	\$ (15,087)
Single Family Housing Component	18,327
Multi-Family Housing Component	<u>(3,240)</u>
Total	<u>\$ -</u>

NOTE 19 COMMITMENTS AND CONTINGENCIES

On March 15, 1994, the Agency entered into an Advances, Collateral Pledge, and Security Agreement (the Agreement) with the Federal Home Loan Bank of New York. As of December 31, 2022, the line of credit had \$4,706 aggregate amount outstanding which was comprised of three (3) separate fixed rate, amortizing advances. Repayments on the advances vary with maturity dates in 2038 and 2039, payable monthly at rates ranging from 5.08% to 6.57%. The Agency has pledged mortgages receivable totaling \$1,655 and \$3,437 of cash collateral securing this line of credit.

The Agency is a defendant in various legal actions arising in the ordinary course of business. The Agency is represented in these actions by the Attorney General of the State of New Jersey, acting as general counsel to the Agency, and by counsel to the Agency's various insurers. In the opinion of management and legal counsel, the ultimate disposition of these legal actions will not have a material adverse effect on the Agency's financial position.

The Agency participates in the Government National Mortgage Association (Ginnie Mae) Mortgage-Backed Securities (MBS) Programs. Through the MBS programs, Ginnie Mae guarantees securities that are issued by the Agency and backed by pools of mortgage loans. If a borrower fails to make a timely payment on a mortgage loan, the Agency must use its own funds to ensure that the security holders receive timely payment.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 19 COMMITMENTS AND CONTINGENCIES (CONTINUED)

All loans pooled under the Ginnie Mae MBS program are either insured by the Federal Housing Authority or United States Department of Agriculture Rural Development, or are guaranteed by the Veterans Administration. The Agency assesses the overall risk of loss on loans that it may be required to repurchase and set aside \$525 in their budget for potential payments due under this program.

NOTE 20 SUBSEQUENT EVENTS

The Agency was awarded \$305 million to administer the Affordable Housing Production Fund. To date, the Agency has reserved or encumbered over \$155 million of the allocated amount contributing to the construction of more than 3,100 new and previously financed, yet-to-be-completed affordable units that were impacted by supply chain disruptions and interest rate increases.

In addition, the Agency was awarded \$40 million to administer the ANJffordable Housing Gap Subsidy Program (AHGSP). The Agency has received \$11 million to date. The AHGSP is to provide loans to eligible affordable housing projects. This was created by the New Jersey Legislature in response to increased construction cost and project funding gaps resulting from the pandemic and supply chain disruptions.

In April 2023, two MFHRB Resolution swaps were transferred from Merrill Lynch Capital Services, Inc. (MLCS) to Bank of America, N.A.

In May 2023, the Agency issued \$184.27 million of tax-exempt Single Family Housing Revenue Bonds (SFHRB) 2023 Series J. This bond issue was comprised entirely of new money proceeds and was self-designated as Social Bonds. The bonds have interest rates ranging from 3.00% to 5.50% with a final maturity date of October 1, 2053.

In June 2023, the Agency issued \$133.95 million tax-exempt and taxable Multi-Family Revenue Bonds (MFRB) 2023 Series A-D, which financed 8 new money rental housing developments containing a total of 528 units and refunded certain Multi-Family Housing Revenue Bonds (MFHRB) bond series. The bonds have interest rates ranging from 3.60% to 5.927% with a final maturity date of November 1, 2057.

In June 2023, as part of its \$133.95 million Multi-Family Revenue Bonds (MFRB) Resolution bond issue, the Agency refunded certain outstanding MFHRB Resolution bonds, and redeemed certain other outstanding MFHRB Resolution bonds, which resulted in the closure of the MFHRB Resolution. As part of the closure of the MFHRB Resolution, all remaining MFHRB Resolution swaps were terminated and all remaining MFHRB Resolution assets were transferred to the MFRB Resolution.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
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NOTE 20 SUBSEQUENT EVENTS (CONTINUED)

The following ratings actions have occurred as of August 18, 2023:

- In March 2023 – Standard & Poor’s Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency’s Multi-Family Housing Revenue Bonds (MF 1995) Resolution.
- In March and May 2023 – Standard & Poor’s Global Ratings (S&P) affirmed its AA-rating (stable outlook) on the Agency’s Multi-Family Revenue Bonds (MF 2005) Resolution.
- In March and April 2023 – Standard & Poor’s Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency’s Single Family Housing Revenue Bonds (SF HRB) Resolution.
- In April 2023 – Moody’s Investors Service (Moody’s) maintained its Aa2 rating (stable outlook) on the Agency’s Single Family Housing Revenue Bonds (SF HRB) Resolution.
- In April 2023 – Standard & Poor’s Global Ratings (S&P) affirmed its A+ rating (and revised the outlook to stable from positive) on the Agency’s Multi-Family Housing Revenue Bonds 1991 Series 1 (Presidential Plaza) bond issue.
- In June 2023 – Standard & Poor’s Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency’s Issuer Credit Rating (ICR).

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF AGENCY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
DECEMBER 31, 2022
(IN THOUSANDS)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Agency's Proportion of Net Pension Liability	0.1846%	0.2686%	0.2702%	0.2786%	0.2720%	0.2841%	0.2949%	0.2783%
Agency's Proportionate Share of Net Pension Liability	\$ 41,334	32,158	\$ 44,414	\$ 50,549	\$ 53,554	\$ 66,132	\$ 87,342	\$ 62,473
Agency's Covered Payroll	\$ 20,049	20,585	\$ 19,754	\$ 20,212	\$ 20,815	\$ 19,000	\$ 18,509	\$ 21,083
Agency's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	206%	156%	225%	250%	257%	348%	472%	296%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.91%	70.33%	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%

Note: The Agency implemented GASB 68 during fiscal year 2015. As such, there is no information for years prior to 2015.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF AGENCY'S PENSION CONTRIBUTIONS
DECEMBER 31, 2022
(IN THOUSANDS)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contributions	\$ 3,454	\$ 3,179	\$ 2,979	\$ 2,729	\$ 2,705	\$ 2,632	\$ 2,393	\$ 2,098
Contributions in Relation to the Actuarial Determined Contribution	<u>3,454</u>	<u>3,179</u>	<u>2,979</u>	<u>2,729</u>	<u>2,705</u>	<u>2,632</u>	<u>2,393</u>	<u>2,098</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's Covered Payroll	\$ 20,049	\$ 20,585	\$ 19,754	\$ 20,212	\$ 20,815	\$ 19,000	\$ 18,509	\$ 21,083
Contributions as a Percentage of Covered Payroll	17.23%	15.44%	15.08%	13.50%	13.00%	13.85%	12.93%	9.95%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution amounts were calculated as of July 1, 2021.

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, open
Remaining Amortization Period	30 years
Asset Valuation Method	Five-year, smoothing difference between market value and expected actuarial value
Inflation	2.75%
Salary Increases	2.75% - 6.55%
Investment Rate of Return	7.00%
Retirement Age	Mandatory retirement age 70. Voluntary retirement prior to that age.
Mortality	Society of Actuaries Scale MP-2021

Changes in Assumptions:

As a result of the Experience Study covering the period July 1, 2018 – June 30, 2021, the demographic and economic assumptions were updated. We are not aware of any other significant events between the valuation date and the measurement date, so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments, and an adjustment to reflect the changes in assumptions.

Note: The Agency implemented GASB 68 during fiscal year 2015. As such, there is no information for years prior to 2015.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF CHANGES IN THE AGENCY'S NET OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022
(IN THOUSANDS)

	Last 10 Fiscal Years									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability:										
Service Cost	\$ 1,207	\$ 1,397	\$ 924	\$ 1,748	\$ 1,708	N/A	N/A	N/A	N/A	N/A
Interest on Total OPEB Liability	2,095	2,010	1,858	3,381	3,196	N/A	N/A	N/A	N/A	N/A
Changes of Benefit Terms	-	-	2,475	-	-	N/A	N/A	N/A	N/A	N/A
Difference Between Expected and Actual Experience	78	102	7	(935)	(138)	N/A	N/A	N/A	N/A	N/A
Changes of Assumptions	(4,203)	(1)	6,364	(29,903)	-	N/A	N/A	N/A	N/A	N/A
Benefit Payments	(1,603)	(1,274)	(1,161)	(1,155)	(1,704)	N/A	N/A	N/A	N/A	N/A
Net Change in total OPEB Liability	(2,426)	2,234	10,467	(26,864)	3,062	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability - Beginning	46,132	43,898	33,431	60,295	57,233	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability - Ending (a)	43,706	46,132	43,898	33,431	60,295	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position:										
Contributions - Employer	6,490	6,345	6,332	6,899	13,795	N/A	N/A	N/A	N/A	N/A
Net Investment Income	(5,401)	2,558	2,909	2,185	(610)	N/A	N/A	N/A	N/A	N/A
Benefit Payments	(1,603)	(1,274)	(1,161)	(1,155)	(1,704)	N/A	N/A	N/A	N/A	N/A
Administrative Expenses	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	(514)	7,629	8,080	7,929	11,481	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	35,119	27,490	19,410	11,481	-	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending (b)	34,605	35,119	27,490	19,410	11,481	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability (a) - (b)	\$ 9,101	\$ 11,013	\$ 16,408	\$ 14,021	\$ 48,814	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a % of Total OPEB Liability	79.18%	76.13%	62.62%	58.06%	19.04%	N/A	N/A	N/A	N/A	N/A
Covered Employee Payroll	\$ 20,929	\$ 20,496	\$ 21,544	\$ 20,240	\$ 18,991	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability as a % of Covered Employee Payroll	43.49%	53.73%	76.16%	69.27%	257.04%	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit Changes: None
Changes of Assumptions: None

This schedule presents all information that is available until 10 years of information is compiled.

N/A – Information not yet available

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF AGENCY'S OPEB CONTRIBUTIONS
DECEMBER 31, 2022
(IN THOUSANDS)

	Last 10 Fiscal Years									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 2,888	\$ 3,775	\$ 2,835	\$ 4,967	\$ 5,441	N/A	N/A	N/A	N/A	N/A
Contribution in Relation to the Actuarially Determined Contribution	6,490	6,344	6,332	6,899	13,795	N/A	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	<u>\$ (3,602)</u>	<u>\$ (2,569)</u>	<u>\$ (3,497)</u>	<u>\$ (1,932)</u>	<u>\$ (8,354)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered Employee Payroll	\$ 20,929	\$ 20,496	\$ 21,544	\$ 20,240	\$ 18,991	N/A	N/A	N/A	N/A	N/A
Contributions as a % of Covered Employee Payroll	31.01%	30.95%	29.39%	34.09%	72.64%	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date: January 1, 2021
Actuarially determined contribution rates are calculated as of January 1, a year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine the

Contribution Rates:	
Actuarial Cost Method	Entry age normal
Amortization Method	Level Dollar Amortization, closed.
Amortization Period	8 years closed beginning with the 2022 fiscal year
Asset Valuation Method	Market Value
Inflation	2.30%
Healthcare Cost Trend Rate	13.00% (Pre-65 Trend), 0.30% (Post-65 Trend), and -3.10% (Part B Trend), decreasing to an ultimate rate of 3.7% in 2100 to 2101.
Salary Increases	3.50%, per annum, compounded annually
Investment Rate of Return	5.25%, per annum, compounded annually
Retirement Age	Expected retirements of employees with at least 25 years of service are assumed at a rate of 3.0% for employees aged under 49, increasing to a rate of 100% for employees aged 75.
	Expected retirements of employees with at least 26+ years of service are assumed at a rate of 2.25% for employees aged under 49, increasing to a rate of 100% for employees aged 75.
Mortality	PUBGH-2010 Mortality Tables, head count weighted, projected forward using Mortality Improvement Scale MP-2021 from 2010 base year on a generational basis to reflect mortality improvements both before and after the valuation date (based on most recent tables published by the Society of Actuaries' Retirement Plans Experience Committee as of the measurement date). Employee rates before benefit commencement, healthy annuitant rates after benefit commencement, and disabled annuitant rates upon disability are used.

This schedule presents all information that is available until 10 years of information is compiled.

N/A – Information not yet available

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF NET POSITION – SINGLE FAMILY HOUSING PROGRAM
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)
(IN THOUSANDS)

	Housing Revenue Bonds	2021 Total
ASSETS		
Current Assets:		
Restricted Cash and Cash Equivalents	\$ 378,386	\$ 276,484
Accrued Interest Receivable on Investments	154	154
Mortgage Loans Receivable, Net	30,208	27,365
Accrued Interest Receivable on Mortgages	4,873	5,135
Due from Loan Servicers	1,072	1,446
Due from Other Funds	-	2
Other Current Assets	1,022	1,220
Total Current Assets	<u>415,715</u>	<u>311,806</u>
Noncurrent Assets:		
Restricted Investments - Noncurrent	2,993	3,686
Mortgage Loans Receivable, Net	963,422	827,347
Supplemental Mortgages and Other Loans, Net	165	177
Real Estate Owned, Net	2,055	2,034
Total Noncurrent Assets	<u>968,635</u>	<u>833,244</u>
Total Assets	1,384,350	1,145,050
LIABILITIES		
Current Liabilities:		
Bonds and Obligations, Net	34,595	32,080
Accrued Interest Payable on Bonds and Obligations	10,121	7,433
Other Current Liabilities	782	793
Total Current Liabilities	<u>45,498</u>	<u>40,306</u>
Noncurrent Liabilities:		
Bonds and Obligations, Net	1,142,491	929,820
Total Noncurrent Liabilities	<u>1,142,491</u>	<u>929,820</u>
Total Liabilities	<u>1,187,989</u>	<u>970,126</u>
NET POSITION		
Restricted Under Bond and Obligation Resolutions	196,361	174,924
Total Net Position	<u>\$ 196,361</u>	<u>\$ 174,924</u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
SINGLE FAMILY HOUSING PROGRAM
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)
(IN THOUSANDS)

	Housing Revenue Bonds	2021 Total
OPERATING REVENUES		
Interest Income on Mortgage Loans	\$ 35,455	\$ 35,941
Recovery of Bad Debt	8,905	7,199
Other Income	23	-
Total Operating Revenues	<u>44,383</u>	<u>43,140</u>
OPERATING EXPENSES		
Interest and Amortization of Bond Prem/Disc	28,617	26,904
Servicing Fees and Other	3,293	2,913
Professional Services and Financing Costs	7,443	5,247
Loss on Sale of Real Estate Owned	452	3,206
Provision for Loan Losses	4,980	8,049
Total Operating Expenses	<u>44,785</u>	<u>46,319</u>
OPERATING LOSS	(402)	(3,179)
NONOPERATING REVENUES		
Investment Income	<u>3,512</u>	<u>(50)</u>
LOSS BEFORE TRANSFERS	3,110	(3,229)
TRANSFERS FROM (TO) OTHER RESOLUTIONS	<u>18,327</u>	<u>6,910</u>
INCREASE IN NET POSITION	21,437	3,681
Net Position - Beginning of Year	<u>174,924</u>	<u>171,243</u>
NET POSITION - END OF YEAR	<u><u>\$ 196,361</u></u>	<u><u>\$ 174,924</u></u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF NET POSITION – MULTI-FAMILY HOUSING PROGRAM
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)
(IN THOUSANDS)

	1991-I	Housing Revenue 1995	Revenue 2005	Total	2021 Total
ASSETS					
Current Assets:					
Restricted Cash and Cash Equivalents	\$ 216	\$ 209,516	\$ 271,296	\$ 481,028	\$ 490,769
Accrued Interest Receivable on Investments	302	118	134	554	443
Mortgage Loans Receivable, Net	6,818	7,810	36,405	51,033	60,534
Supplemental Mortgages and Other Loans, Net	-	47	-	47	47
Accrued Interest Receivable on Mortgages	300	1,871	3,014	5,185	4,663
Other Current Assets	358	1	-	359	360
Total Current Assets	7,994	219,363	310,849	538,206	556,816
Noncurrent Assets:					
Restricted Investments - Noncurrent	4,402	14,225	16,450	35,077	36,022
Mortgage Loans Receivable, Net	44,703	128,568	530,582	703,853	727,333
Supplemental Mortgages and Other Loans, Net	-	11,389	-	11,389	14,756
Total Noncurrent Assets	49,105	154,182	547,032	750,319	778,111
Total Assets	57,099	373,545	857,881	1,288,525	1,334,927
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivatives	-	3,343	7,968	11,311	35,505
LIABILITIES					
Current Liabilities:					
Bonds and Obligations, Net	6,695	13,140	57,610	77,445	48,910
Accrued Interest Payable on Bonds and Obligations	681	1,339	3,477	5,497	5,889
Interfund Allocation	135	569	1,769	2,473	2,259
Other Current Liabilities	-	-	265	265	-
Total Current Liabilities	7,511	15,048	63,121	85,680	57,058
Noncurrent Liabilities:					
Bonds and Obligations, Net	51,680	171,355	629,787	852,822	930,257
Minimum Escrow Requirement	-	1,410	4,184	5,594	5,781
Funds Held in Trust for Mortgagor	-	3,091	-	3,091	3,091
Other Noncurrent Liabilities	-	-	376	376	495
Derivative Instruments	-	3,343	7,968	11,311	35,505
Total Noncurrent Liabilities	51,680	179,199	642,315	873,194	975,129
Total Liabilities	59,191	194,247	705,436	958,874	1,032,187
NET POSITION (DEFICIT)					
Unrestricted	(6,710)	-	-	(6,710)	(6,630)
Restricted Under Bond and Obligation Resolutions	4,618	182,641	160,413	347,672	344,875
Total Net Position	\$ (2,092)	\$ 182,641	\$ 160,413	\$ 340,962	\$ 338,245

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NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
MULTI-FAMILY HOUSING PROGRAM
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)
(IN THOUSANDS)

	1991-I	Housing Revenue 1995	Revenue 2005	Total	2021 Total
OPERATING REVENUES					
Interest Income on Mortgage Loans	\$ 3,808	\$ 7,311	\$ 30,148	\$ 41,267	\$ 43,115
Fees and Charges	-	-	-	-	135
Recovery of Bad Debt	-	-	29	29	3,574
Other Income - Net	-	53	240	293	787
Total Operating Revenues	3,808	7,364	30,417	41,589	47,611
OPERATING EXPENSES					
Interest and Amortization of Bond Prem/Disc	4,344	8,257	24,401	37,002	38,855
Insurance Costs	-	5	-	5	33
Servicing Fees and Other	270	-	-	270	270
Professional Services and Financing Costs	7	583	179	769	939
Provision for Loan Losses	-	-	3,126	3,126	-
Total Operating Expenses	4,621	8,845	27,706	41,172	40,097
OPERATING INCOME (LOSS)	(813)	(1,481)	2,711	417	7,514
NONOPERATING REVENUES (EXPENSES)					
Investment Income	322	760	4,458	5,540	2,135
INCOME (LOSS) BEFORE TRANSFERS	(491)	(721)	7,169	5,957	9,649
TRANSFERS	-	(3,320)	80	(3,240)	4,466
INCREASE (DECREASE) IN NET POSITION	(491)	(4,041)	7,249	2,717	14,115
Net Position - Beginning of Year	(1,601)	186,682	153,164	338,245	324,130
NET POSITION - END OF YEAR	<u>\$ (2,092)</u>	<u>\$ 182,641</u>	<u>\$ 160,413</u>	<u>\$ 340,962</u>	<u>\$ 338,245</u>