ARTHUR ANDERSEN

COLORADO HOUSING AND FINANCE AUTHORITY

Financial Statements
As of December 31, 2001 and 2000

Together With Report Of Independent Public Accountants

COLORADO HOUSING AND FINANCE AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

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ARTHUR ANDERSEN

UNQUALIFIED OPINION ON GENERAL-PURPOSE

FINANCIAL STATEMENTS

To the Board of Directors of
Colorado Housing and Finance Authority:

We have audited the accompanying general-purpose statements of financial condition of the Colorado Housing and Finance Authority (the "Authority") as of December 31, 2001 and 2000 and the related statements of revenue, expenses and changes in retained earnings and cash flows for the years then ended. These general-purpose financial statements and the accompanying supplemental financial information are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Hyland Park Centre Corporation, Tanglewood Oaks Apartments Corporation and Village of Yorkshire Corporation, which statements reflect total assets of $21,908,255 and $21,866,079 as of December 31, 2001 and 2000, respectively, total revenue of $7,221,960 and $6,771,536 and net income of $2,282,859 and $2,536,208 for the years ended December 31, 2001 and 2000, respectively, of the related totals. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Hyland Park Centre Corporation, Tanglewood Oaks Apartments Corporation and Village of Yorkshire Corporation, are based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2001 and 2000 and the statements of revenue, expenses and changes in its retained earnings and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2002, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying statements of financial condition and statements of revenue, expenses and changes in retained earnings by program are presented for purposes of additional analysis and are not a required part of the Authority's general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated, in all material respects in relation to the general-purpose financial statements taken as a whole.

Denver, Colorado,
February 22, 2002.

Arthur Andersen LLP

STATEMENTS OF FINANCIAL CONDITION

	December 31,	
	2001	(000's Omitted) 2000
Assets		
Cash and interest bearing accounts	$ 12,929	$ 7,315
Marketable securities:		
Short-term, at amortized cost which approximates market	411,581	329,128
Cash and cash equivalents	424,510	336,443
Marketable securities:		
Long-term, at fair value	113,916	124,162
Total cash and marketable securities	538,426	460,605
Loans receivable, net	1,405,707	1,392,805
Accrued interest receivable	16,838	17,535
Property and equipment, net:		
Corporate facilities	5,116	3,301
Rental operations	26,547	26,945
Deferred debt financing costs, net	17,908	16,962
Other real estate owned, net	7,146	5,822
Other assets	19,895	19,774
	$ 2,037,583	$ 1,943,749
Liabilities and Fund Equity		
Liabilities:		
Bonds payable, net	$ 1,710,972	$ 1,635,523
Notes payable	104,500	105,408
Accrued interest payable	25,224	23,413
Accounts payable and other liabilities	7,529	5,207
Federally assisted program advances	369	1,738
Deferred fee income	298	280
Escrow and refundable deposits	7,884	7,688
Total liabilities	1,856,776	1,779,257
Fund equity - retained earnings:		
Restricted	68,628	67,834
General Fund - Board designated	112,179	96,658
Total fund equity - retained earnings	180,807	164,492
	$ 2,037,583	$ 1,943,749

The accompanying notes are an integral part of these statements.

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS

	Years Ended December 31, 2001	(000's Omitted)	Years Ended December 31, 2000
Interest and investment revenue:			
Loans receivable	$ 98,772		$ 90,606
Marketable securities	28,754		31,689
Net increase (decrease) in fair value of long-term marketable securities	(230)		2,603
Total interest and investment revenue	127,296		124,898
Interest expense - bonds and notes payable	103,793		101,105
Net interest and investment revenue	23,503		23,793
Other revenue:			
Rental operations	10,373		9,858
Fees and miscellaneous income	11,974		11,413
Total other revenue	22,347		21,271
Net revenue	45,850		45,064
Other expenses:			
Salaries and related benefits	9,892		9,356
General operating	11,155		9,300
Provision for losses	6,666		2,059
Other interest expense	1,822		2,249
Total other expenses	29,535		22,964
Net income	16,315		22,100
Retained earnings, beginning of year	164,492		142,392
Retained earnings, end of year	$ 180,807		$ 164,492

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2001 *(000's Omitted)*	2000
Operating activities:		
Net income	$ 16,315	$ 22,100
Adjustments to reconcile net income to net cash used by operating activities:		
(Increase) decrease in fair value of investments	230	(2,603)
Depreciation	1,752	1,545
Gain on sale of property and equipment	(303)	(1,476)
Accretion of capital appreciation term bonds	1,547	1,712
Amortization of:		
Deferred debt financing costs	1,144	1,420
Premiums and discounts on bonds, net	(5,704)	(4,675)
Premiums and discounts on long-term marketable securities, net	(26)	-
Deferred fee income	(1,585)	(2,328)
Deferred cash assistance expense	2,611	2,102
Mortgage yield recoupment income	(62)	(78)
Provision for losses	6,666	2,059
Principal repayments on loans receivable	290,863	138,942
Sales of other real estate owned	3,132	684
New loan fundings	(315,307)	(370,747)
Deferred fee income	1,296	1,949
Deferred cash assistance expense	(6,552)	(8,108)
Gain on sale of OREO	(294)	-
Changes in assets and liabilities:		
Accrued interest receivable	17	(2,291)
Other assets	2,627	4,334
Accrued interest payable	1,811	1,783
Accounts payable, federally assisted program advances and escrow and refundable deposits	1,149	(4,247)
Total adjustments	(14,988)	(240,023)
Net cash provided (used) by operating activities	$ 1,327	$ (217,923)

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2001 (000's Omitted)	2000
Net cash provided (used) by operating activities	$ 1,327	$ (217,923)
Investing activities:		
Sales and maturities of long-term marketable securities	20,096	12,019
Purchases of long-term marketable securities	(10,053)	(7,322)
Sales of property and equipment:		
Corporate facilities	2	37
Rental operations	459	2,173
Purchases of property and equipment:		
Corporate facilities	(2,256)	(480)
Rental operations	(1,071)	(1,334)
Net cash provided by investing activities	7,177	5,093
Noncapital financing activities:		
Proceeds from issuance of bonds payable	366,060	400,107
Proceeds from issuance of notes payable	393,807	372,032
Debt financing costs	(3,732)	(4,076)
Repayments of bonds payable	(284,063)	(240,060)
Repayments of notes payable	(391,513)	(325,392)
Bond call premiums	(996)	(955)
Net cash provided by noncapital financing activities	79,563	201,656
Net increase (decrease) in cash and cash equivalents	88,067	(11,174)
Cash and cash equivalents, beginning of year	336,443	347,617
Cash and cash equivalents, end of year	$ 424,510	$ 336,443
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 106,734	$ 103,694
Supplemental schedule of non-cash operating,investing and financing activities:		
Transfer of mortgage loans to real estate owned	9,166	10,125
Transfer of loans receivable to other assets	2,748	4,235
Transfer of allowance on loans receivable to allowance on other real estate owned	2,719	4,817
Transfer of allowance on OREO to allowance on accrued interest receivable	340	-
Offset of note payable to OREO due to risk sharing settlement	3,514	-
Transfer of deferred debt financing costs to deferred refunding (bonds and notes payable)	1,575	1,377
Transfer of deferred fee income to deferred refunding (loans receivable)	247	550
Transfer of accrued interest payable to allowance for losses	-	449
Charge-offs of other real estate owned, loans receivable and other assets	4,453	232

The accompanying notes are an integral part of these statements.

(Amounts for all notes in tabular format are in thousands.)

(1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation

Colorado Housing and Finance Authority (the "Authority") is a corporate body and a political subdivision of the State of Colorado established pursuant to the Colorado Housing and Finance Authority Act, Title 29, Article 4, Part 7 of the Colorado Revised Statutes, as amended (the "Act"). Operations of the Authority commenced in 1974.

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

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

In 1992, Colorado voters approved an amendment to the State Constitution, Article X, Section 20 which, among other things, imposes restrictions on increases in revenue and expenditures of state and local governments. In the opinion of its bond counsel, the Authority qualifies as an enterprise under the amendment and therefore is exempt from its provisions.

(b) Reporting Entity

In accordance with governmental accounting standards applicable to the reporting entity, the Authority has considered the inclusion of related entities in its financial statements. The reporting entity definition is based primarily on the concept of financial accountability. The Authority is financially accountable for those units that make up its legal entity as well as its legally separate organizations, because they have the same board of directors and management personnel, and their surplus assets are relinquished to the Authority.

Tanglewood Oaks Apartments Corporation ("Tanglewood"), Hyland Park Centre Corporation ("Hyland Park"), and Village of Yorkshire Corporation ("Yorkshire") have been designated as blended component units and included in the Authority's financial statements. Tanglewood, Hyland Park and Yorkshire are public, non-profit instrumentalities of the Authority, each of which owns and operates a single, separate multi-family rental housing project. Financial information pertaining to the blended component units is presented in Note (1). Separate financial statements for the individual component units may be obtained through the Authority.

Management also has concluded that it is not a component unit of any other entity.

(c) Fund Accounting

The financial activities of the Authority are recorded in funds ("Bond Funds") established under various bond resolutions and in other funds established in connection with the administration of the Authority's programs. All activities of the Authority not performed pursuant to the bond resolutions are recorded in the General Fund.

The financial statements of the Authority are presented on the basis of the governmental proprietary fund accounting concept. All interfund and intercompany balances and transactions have been eliminated in the basic financial statements. Revenue and expenses are recognized on an accrual basis.

The Authority's Board of Directors (the "Board") has designated certain amounts of the retained earnings of the General Fund as of December 31, 2001 and 2000 for various purposes as follows:

(Amounts for all notes in tabular format are in thousands.)

(1) Organization and Summary of Significant Accounting Policies (continued)

	2001	2000
Appropriations for loan funds:		
Housing fund	$ 1,217	$ 13,019
Business Finance Fund	15,577	10,498
Housing Opportunity Fund	19,390	19,412
	36,184	42,929
Reserves:		
Debt service:		
General Obligation Bonds -		
Rental Housing and Commercial	12,159	7,548
General operating and working capital reserve	12,374	11,425
Unrealized appreciation of investments	473	763
	25,006	19,736
Restrictions for single and multi-family bonds	50,989	33,993
Total designated retained earnings	$ 112,179	$ 96,658

(c) Fund Accounting (continued)

The restricted amounts are for the payment of principal, redemption premium, if any, or interest on all outstanding multi-family and single family bond issues, in the event that no other monies are legally available for such payments. The Board may withdraw all or part of this restricted balance only if (i) the Authority determines that such monies are needed for the implementation or maintenance of any duly adopted program of the Authority; and (ii) no default exists in the payment of the principal, redemption premium, if any, or interest on such bonds.

The Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting".

The Authority is planning for the implementation of GASB Statement no. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". A key issue behind the statement is the improvement of operational accountability. The objectives of the statement are to establish a basic financial reporting model that will result in greater accountability by governments, while providing more useful information to a wider range of users. This conceptual basis has resulted in a new financial reporting model with several changes that have major implications on governments; however, as a public enterprise, the implications to the Authority are significant but not as broad as to a true governmental entity. Statement 34 is effective in three phases, which are based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. Accordingly, the Authority is required to implement the statement as a Phase 1 government. Phase 1 requires that the statement be applied for periods beginning after June 15, 2001. Therefore, full implementation is planned to begin with the Authority's financial statements for the year ended December 31, 2002.

As permitted by GASB Statement 20, the Authority may adopt all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. As of December 31, 2001 no such FASB pronouncements have been adopted.

(d) Budget Policies and Procedures

The Authority's budget year is the calendar year. A budget committee consisting of Finance, the Executive Committee and Human Resources staff reviews the initial drafts, makes necessary changes and presents the budget to the Executive Director for further review and approval. The Board is presented with a draft in November, and a public hearing is conducted. Modifications are made reflecting Board input, and the final version is adopted by the Board in December. The Board may modify the budget at any point during the fiscal year, but has chosen to do so only twice in its history; in 2000 and in 1992.

The budget is developed on a full accrual basis with estimations of revenue by source and expenses by object. Funds remaining at the end of one year are budgeted again in the following year, if requested and approved.

(1) Organization and Summary of Significant Accounting Policies (continued)

e) Cash

Cash at December 31, 2001 and 2000, primarily includes market interest accounts of which approximately $1,418,000 and $1,694,000, respectively, is restricted for various General Fund program purposes.

(f) Marketable Securities

The Authority accounts for its investments in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (Statement 31), which establishes accounting and financial reporting standards for investments held by governmental entities. Statement 31 requires most investments to be recorded at fair value and the recognition of unrealized gains and losses in the statement of revenue and expenses. Statement 31 allows money market investments and participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less to be recorded at amortized cost. The net increase (decrease) in the fair value of long-term marketable securities for 2001 and 2000 is reflected in the income statement for the years presented.

The fair value of the Authority's investments is determined from quoted market prices. Long-term marketable securities are carried at fair value. However, the Authority's long-term marketable securities include investment contracts that have fixed maturities and fixed rates with flexible withdrawal provisions. These investment contracts are not transferable, are not affected by changes in market interest rates, and therefore are carried at current face value. Included in long-term marketable securities are $99,754,000 and $112,867,000 at December 31, 2001 and 2000, respectively, which are restricted for future debt service as required under the various bond resolutions. Short-term marketable securities are carried at amortized cost, which approximates market, and generally mature within 90 days. For purposes of the statements of cash flows, the Authority considers all short-term investments to be cash equivalents. The Authority must authorize all purchases and sales of investments in writing.

(g) Loans Receivable

Mortgage loans are carried net of deferred fee income, deferred mortgage yield recoupment income and allowance for loan losses. Generally, mortgage loans bear interest at rates ranging from 5.00% to 14.00% per annum, payable monthly over terms from 15 to 40 years. Commercial loans bear interest at rates ranging from 4.00% to 11.00% per annum, payable monthly or annually over terms from 4 to 30 years. Servicing of mortgage loans is provided by the Authority and various approved and qualified private lending institutions, on behalf of the Authority.

(h) Fee Income and Expense

Loan and commitment fees, net of related costs, are deferred and amortized into interest income, using the effective interest method, over the estimated average lives of the loans. Under the Authority's current Single Family Bond Program, the borrower is provided a cash assistance payment of generally 3% of the loan amount. These payments are deferred and amortized into interest income, using the effective interest method, over the estimated average lives of the loans.

(i) Mortgage Yield Recoupment Income

Income in excess of arbitrage limits under the U.S. Treasury regulations advanced to the Authority in connection with certain bond issues is accounted for as an adjustment of the yield on the respective mortgage loan portfolio to the yield permitted under the regulations. These amounts are classified as reductions of loans receivable, and deferred and amortized over the lives of the respective mortgage loans.

(j) Compensated Absences

Full-time employees accrue vacation leave at the rate of between ten days and twenty days per year, depending on length of service. Partial full-time employees accrue vacation at 80% of full time employees, while part-time employees accrue vacation at 50%. Sick leave accrues to full-time employees at the rate of 9 days per year, and 7.2 days for partial full-time staff. Personal leave accrues to full-time employees at the rate of 2 days per calendar year and part-time employees accrue at 1.6 days. Both sick leave and personal leave are non-vesting and cannot be carried over into the next calendar year. The liability for compensated absences is included in the financial statements.

(k) Allowance for Losses

The allowance for losses on loans, accrued interest receivable, other real estate owned, and other assets is provided through charges against current operations based on management's periodic review of the loan and other real estate owned portfolios. This review considers such factors as the payment history of the loans, the projected cash flows of the borrowers, estimated value of the collateral, subsidies, historical loss experience for each type of insurance or guarantee (for losses particular to other real estate owned), additional guarantees provided by the borrowers and economic conditions. When this review determines that an exposure to loss is probable and can be reasonably estimated, a provision against current operations is made in the amount quantifiable. Loans receivable, accrued interest receivable, other real estate owned and other assets are shown net of an allowance for losses of $13,259,000, $340,000, $2,447,000, and $161,000, respectively, for 2001, and $9,387,000, $0, $4,406,000, and $201,000, respectively, for 2000.

(Amounts for all notes in tabular format are in thousands.)

(1) Organization and Summary of Significant Accounting Policies (continued)

(l) Property, Equipment and Rental Real Estate Operations

The office building, furniture and equipment are carried at $5,116,000 and $3,301,000 at December 31, 2001 and 2000, respectively, representing cost, net of accumulated depreciation of $3,913,000 and $3,479,000, respectively. The Authority purchased an adjacent office building and land in 2001, valued at $532,000 and $1,133,000, respectively. The Authority uses the straight-line method of depreciation with estimated useful lives of three to thirty-five years.

The Authority commenced its Rental Acquisition Program ("RAP") in 1988, when the Board authorized the acquisition, rehabilitation and operation of below-market priced multi-family properties to provide affordable housing to low and moderate income families. The Authority has acquired and rehabilitated these properties with a combination of funds, including (i) general obligation and multi-family bond proceeds, (ii) seller-carry notes, and (iii) contributions from the Operating Fund. As a policy matter, the Authority sells these properties from time to time to qualified non-profit sponsors. Further, it is the policy of the Authority to distribute excess surplus equity from the component units semiannually. These distributions are reflected in the component unit's equity.

As of December 31, 2001, the Authority owned a total of 13 RAP projects, including its three component units, containing 1,354 units. Selected balance sheet items of the RAP are presented below:

		2001		2000
RAP combined, including component units:				
Property, net of accumulated depreciation of $9,157,000 and $7,897,000	$	26,547	$	26,945
Total assets		35,785		35,169
Total debt		23,983		25,922
Equity		11,802		9,247
RAP component units only:				
Property, net of accumulated depreciation of $5,307,000 and $4,509,000	$	18,289	$	18,505
Total assets		21,908		21,866
Total debt		17,302		17,465
Equity		4,606		4,401

All revenue and expenses of these properties, including depreciation and interest, are reflected in the operating results of the Authority's Operating Fund. RAP revenues are recorded as components of other revenue-rental operations and fees and miscellaneous income which includes RAP interest income. Operating and other expenses are recorded in general operating expenses, and interest expense on notes payable and general obligation bond proceeds used to acquire the properties is recorded in other interest expense. A summary of the operating results of the RAP properties follows on a stand-alone basis before elimination of intercompany transactions.

(Amounts for all notes in tabular format are in thousands.)

(1) Organization and Summary of Significant Accounting Policies (continued)

(l) Property, Equipment and Rental Real Estate Operations (continued)

	2001	2000
RAP combined, including component units:		
Rental operations	$ 10,373	$ 9,858
Interest income	135	190
Gain on sale of property	303	1,476
General operating expenses	(4,019)	(3,696)
Depreciation expense	(1,562)	(1,157)
Interest expense	(1,822)	(1,917)
Net income	$ 3,408	$ 4,754

	2001	2000
RAP component units only:		
Rental operations	$ 7,112	$ 6,631
Interest income	110	140
General operating expenses	(2,878)	(2,174)
Depreciation expense	(798)	(710)
Interest expense	(1,264)	(1,351)
Net income	$ 2,282	$ 2,536

(m) Deferred Debt Financing Costs and Bond Discounts and Premiums

Costs of debt issuance are deferred and amortized over the expected average lives of the bond issues using the effective interest method. Discounts and premiums on bonds payable are deferred and amortized over the lives of the respective bond issues using the effective interest method.

(n)Other Real Estate Owned

Other real estate owned represents real estate acquired through foreclosure and in-substance foreclosures. Other real estate owned is initially recorded at the lower of the investment in the loan or the estimated net realizable value. Subsequent losses are provided for through the allowance for losses.

(o)Other Assets

Included in other assets are escrows related to RAP and loans serviced by the Authority, unamortized costs of mortgage servicing rights, and investments in public/private partnerships and corporations designed to foster economic development. Where such investments represent a 20% to 50% ownership interest, the Authority uses the equity method of accounting. All other investments are recorded at cost. The carrying value of such investments is approximately $0 and $92,000 at December 31, 2001 and 2000, respectively.

(p)Federally Assisted Program Advances

In accordance with and pursuant to contracts between the Authority and the Department of Housing and Urban Development ("HUD"), the Authority administers the Section 8 Housing Assistance Payments ("HAP") Program, and in 2001, became a Performance-Based Contract Administrator ("PBCA"), in certain areas of the State of Colorado. Under these programs, housing assistance payments are made to the owners of rental housing developments on behalf of tenants of limited income who meet the eligibility requirements. HUD advances funds to the Authority for the housing assistance payments and, for certain developments, pays a monthly fee to the Authority for its administration of the subsidy contracts. These administrative fees, for HAP and PBCA are approximately $1,318,000 and $1,114,000 in 2001, respectively, and $1,276,000 and $0 in 2000, respectively, are recognized as other revenue when earned.

(q)Interest Rate Swap Agreements

The Authority enters into interest rate swap agreements with rated swap counterparties in order to manage the interest rate risk associated with the issuance

(Amounts for all notes in tabular format are in thousands.)

(1) Organization and Summary of Significant Accounting Policies (continued)

(q) Interest Rate Swap Agreements, (continued)

of certain variable rate bonds. The interest differentials to be paid or received under such swaps are recognized as an increase or decrease in interest expense of the related bond liability.

(r) Other Revenue and Other Interest Expense

Other revenue includes rent income from RAP, administrative fees from HAP, tax credit program fees, servicing fees, and reimbursements and fees from other programs. Other interest expense includes actual interest costs on debt incurred to finance RAP projects and on borrowings incurred to finance the Authority's facilities and equipment.

(s) Debt Refunding

For current refundings and advance refundings resulting in defeasance of debt reported by proprietary activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter, using the effective interest method. The deferred refunding amounts are classified as a component of bonds payable in the financial statements.

(t) Risk Management

The Authority has a risk management program under which the various risks of loss associated with its business operations are identified and managed. The risk management techniques utilized include a combination of standard policies and procedures, purchased insurance and partial self insurance. Commercial general liability, property losses, business automobile liability, worker's compensation and public officials liability are all managed through purchased insurance. For excess risk exposure, all employee medical claims in excess of $25,000 per individual and $469,000 aggregate per year are also covered by the purchase of stop-loss insurance.

(u) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(2) Cash and Marketable Securities

Investment of the Authority's monies is made in accordance with the Authority's investment guidelines, which have been approved by the Board and are in compliance with the Act and the laws of the State of Colorado.

Permitted investments under these investment guidelines include obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper rated A-1 or P-1, certificates of deposit, repurchase agreements, money market mutual funds and investment agreements.

The Authority categorizes its cash into three categories as to their risk. Category 1 includes federally insured deposits, or deposits fully collateralized with securities held in the Authority's name. Category 2 includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Authority's name. Category 3 includes cash on hand, which is not insured.

At December 31, 2001 the Authority had cash deposits with a carrying value of $12,929,000. These balances are categorized as follows:

Risk Category	Cash Balance December 31, 2001
1	$ 585
2	12,344
3	-
TOTAL	$ 12,929

All of the Authority's marketable securities are also categorized into three categories as follows to provide an indication of the level of risk assumed as of December 31, 2001. Category 1 includes those investments which are insured, or registered securities held by the Authority or its trustee in the Authority's name. Category 2 includes those investments which are uninsured and unregistered, with securities held by the counterparty's trust department or its agent in the Authority's name. Category 3 includes those investments which are uninsured and unregistered, with securities held by the

(Amounts for all notes in tabular format are in thousands.)

(2) Cash and Marketable Securities (continued)

counterparty or its agent, but not in the Authority's name. Amounts not subject to categorization include money market mutual funds and uncollateralized investment agreements because securities are not issued as evidence of these investments.

Short-term marketable securities are carried at amortized cost, which approximates market. Long-term marketable securities are carried at fair value.

	Categories			
	1	2	3	Total
Categorized:				
U.S. government & agency obligations	$ 83,372	$ -	$ -	$ 83,372
Collateralized investment agreements	-	214,891	-	214,891
Repurchase agreements	2,915	-	-	2,915
	$ 86,287	$ 214,891	$ -	$ 301,178
Uncategorized:				
Treasury money market funds				83,914
Uncollateralized investment agreements				140,405
				$ 525,497

Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue, and of the Board in accordance with the Act. Such investments are held by financial institutions having the same or higher ratings as that of the applicable debt issue, and the agreements generally provide for collateralization of balances in the event of rating agency downgrade of the institution below the related bond ratings.

From time to time, the Authority invests in repurchase agreements. Securities underlying repurchase agreements are limited to those government and agency obligations permitted by the Authority's investment guidelines and have a market value of 102% of the cost of the repurchase agreement. The Authority's collateral interest in the underlying securities is perfected by delivery of the securities to the Authority's trustee.

The following schedule shows the Authority's net (decrease) increase in fair value of long-term marketable securities by fund, for the years ended December 31, 2001 and 2000:

Description	2001	2000
General Fund	$ 462	$ 167
Multi-family Housing Insured Mortgage Revenue	(105)	1,593
Multi-family / Project	(129)	553
Single Family Housing Revenue	(415)	27
Taxable Single-Family Mortgage Revenue	11	12
Single Family Revenue	(41)	186
Single Family Program Senior and Subordinate	(13)	65
TOTAL	$ (230)	$ 2,603

(Amounts for all notes in tabular format are in thousands.)

(3) Loans Receivable

Loans receivable at December 31, 2001 and 2000 consist of the following:

	2001	2000
General Fund	$ 206,832	$ 222,389
Multi-family bond programs:		
Housing Insured Mortgage Revenue	316,427	332,687
Mortgage Revenue	2,010	4,151
Project	115,350	85,049
Single Family bond programs:		
Housing Revenue	-	60,152
Taxable Revenue	8,089	11,005
Taxable Program Senior and Subordinate	2,630	3,539
Revenue Bonds	1,650	2,251
Program Bonds	17,164	19,196
Program Senior and Subordinate	623,173	639,524
Revenue Refunding	468	569
Mortgage	98,964	-
Total loans receivable	1,392,757	1,380,512
Deferred cash assistance expense	34,412	30,515
Deferred fee income	(8,181)	(8,752)
Deferred mortgage yield recoupment income	(22)	(83)
Allowance for loan losses	(13,259)	(9,387)
Total loans receivable, net	$ 1,405,707	$ 1,392,805

General Fund loans are generally collateralized by mortgages on real property and improvements. At December 31, 2001 and 2000, $14,449,000 and $19,932,000 of these loans (ACCESS program), respectively, are secured by first liens ahead of second liens from the Small Business Administration. Generally, the Authority's lien is secured at origination with collateral having a loan-to-value ratio of 45 to 50 percent. Additionally, at December 31, 2001 and 2000, $17,490,000 and $29,926,000 of these loans (QIC/QAL program), respectively, are secured by a guarantee of the Small Business Administration or Consolidated Farm Services, formerly Farmers Home Administration.

Multi-family bond program loans are collateralized by first mortgages on applicable real estate, and, in most cases, are further insured by an agency of the United States government.

Single family bond program loans are collateralized by first mortgages on applicable real property, and in the case of loans with a loan-to-value ratio of 80% or more, are either insured by private mortgage insurance or the Federal Housing Administration or guaranteed by the Veterans Administration or Rural Economic and Community Development Department, formerly Farmers Home Administration.

All loans receivable of the Authority are originated in the State of Colorado, with a majority of the underlying collateral in the Front Range and Denver metropolitan areas. Single family program loans are made to low and moderate income families. Multi-family housing borrowers are non-profit and for-profit developers, while commercial borrowers are generally for-profit entities, doing business throughout Colorado.

(Amounts for all notes in tabular format are in thousands.)

(3) Loans Receivable (continued)

At December 31, 2001 and 2000, the amounts available in the Bond Funds for additional investments in new loans, are as follows:

	2001	2000
Recycled funds loans (single family mortgage prepayments)	$ -	$ 32,139
Single family mortgage program	143,650	48,756
Multi-family mortgages and projects	32,942	40,195
	$ 176,592	$ 121,090

These amounts exclude single family mortgage loans warehoused in the Authority's General Fund of $92.8 million and $114.8 million, at December 31, 2001 and 2000, respectively.

(4) Bonds and Notes Payable

The aggregate principal amounts of bonds and notes payable at December 31, 2001 and 2000 are shown below. Interest is payable semiannually unless otherwise noted.

Description and due date		Interest rate (%)	2001	2000
General Fund:				
General Obligation Bonds:				
1992 Series A	2002-2030	9.125	$ 3,285	$ 3,305
1998 Series A	2002-2017	4.35 to 5.25	1,465	1,515
ACCESS Programs:				
1991 Series A	2002-2011	8.90 to 9.15	6,890	6,890
1991 Series B	2002-2011	8.50 to 9.40	5,970	6,020
1995 Series A	2002-2015	7.67	5,292	5,505
1997 Series A	2002-2018	7.22	5,533	6,149
1999 Series A	2002-2018	6.49	4,176	6,832
QIC Program:				
1993 Series A		7.87	-	2
1994 Series A	2002-2020	6.51	96	799
1994 Series B	2002-2021	6.53	-	1,800
1995 Series A	2002-2020	7.60	868	2,549
1997 Series A	2002-2023	6.56	1,043	2,402
1999 Series A	2002-2024	5.71	6,534	9,926
2000 Series A	2002-2025	6.755	7,048	9,985
SMART Program				
2000 Series A	2002-2020	6.152	8471	8,707
Taxable Mortgage Revenue				
2000 Series A	2002-2020	6.914	11,905	13,476
2000 Series B	2002-2020	6.675	4,572	5,154
2001 Series A PERA	2002-2021	6.135	23,175	-
2001 Series A VECTRA	2002-2021	6.625	6,703	-

(Amounts for all notes in tabular format are in thousands.)

(4) Bonds and Notes Payable (continued)

Description and due date		Interest rate (%)	2001	2000
Multi-family Mortgage Revenue Bond:				
1994 Series A	2002	7.25	$ 60	$ 127
			103,086	91,143
Multi-family Housing Insured Mortgage Revenue Bonds:				
1982 Series A	2002-2025	9.00	18,550	18,550
1982 Series B	2002-2025	6.00	11,645	11,645
1984 Series A		7.50	-	4,940
1991 Series A	2002-2026	7.35	2,485	2,495
1992 Series A	2002-2023	8.00 to 8.30	77,335	78,830
1993 Series A	2002-2029	5.125 to 5.90	16,305	16,490
1995 Series A	2002-2037	5.65 to 6.80	11,850	11,940
1995 Series B	2002-2037	5.45 to 6.75	14,135	14,220
1995 Series C	2002-2015	5.10 to 7.00	12,790	12,870
1996 Series A	2002-2037	4.80 to 7.20	35,540	36,620
1996 Series B	2002-2037	5.75 to 8.00	8,780	8,860
1996 Series C	2002-2038	5.10 to 8.10	15,100	15,195
1997 Series A	2002-2038	4.60 to 7.125	19,365	19,595
1997 Series B	2002-2038	4.40 to 7.25	23,410	23,615
1997 Series C	2002-2039	4.60 to 6.75	53,450	54,180
1998 Series A	2002-2039	5.35 to 6.70	20,465	20,605
1998 Series B	2002-2040	5.45 to 7.00	7,260	7,280
1999 Series A	2002-2041	4.65 to 6.65	34,705	34,865
1999 Series B	2002-2041	5.25 to 5.85	5,550	5,580
1999 Series C	2002-2041	4.70 to 7.93	18,115	18,140
			406,835	416,515
Multi-family Mortgage Revenue Bonds (Principal and interest payable monthly):				
Series 1978-3	2002-2017	6.50	1,264	1,297
Series 1980-1	2002-2021	10.50	746	757
Series 1981-1		11.00	-	2,097
			2,010	4,151
Multi-family/Project Bonds				
2000 Series A	2002-2032	Variable	94,030	95,875
2000 Series B	2002-2042	Variable	31,875	31,875
2001 Series A	2002-2043	Variable	38,050	-
			163,955	127,750

(Amounts for all notes in tabular format are in thousands.)

(4) Bonds and Notes Payable (continued)

Description and due date		Interest rate (%)	2001	2000
Single Family Housing Revenue Refunding Bonds:				
1991 Refunding				
Series A		6.70 to 7.25	$ -	$ 46,451
1995 Refunding				
Series A		4.60 to 5.65	-	7,910
1996 Refunding				
Series AA		4.80 to 5.625	-	34,495
			-	88,856
Taxable Single Family Mortgage Revenue Bonds:				
1998 Issue I	2002-2018	6.65	8,670	11,440
Taxable Single Family Program				
Senior and Subordinate Bonds:				
1993 Issue A	2002-2011	7.625	1,600	2,565
Single Family Revenue Bonds:				
1985 Series A	2014	11.125	760	797
1985 Series B	2017	8.75	1,475	2,085
1993 Refunding				
Series A	2005-2014	7.00	4,161	4,550
			6,396	7,432
Single Family Program Bonds:				
1998 Series C	2002-2029	4.50 to 5.625	17,082	19,265
Single Family Program Senior and Subordinate Bonds:				
1991 Series A		6.70 to 9.40	-	1,915
1991 Series B		6.70 to 9.00	-	5,195
1991 Series C		6.60 to 9.075	-	8,365
1991 Series D		6.30 to 8.65	-	6,770
1992 Series A	2002-2024	6.30 to 8.70	10,010	12,570
1994 Series B	2002-2024	5.75 to 7.50	2,250	3,025
1994 Series C	2002-2024	6.00 to 7.90	2,295	3,390
1994 Series D-I	2002-2024	5.40 to 8.00	1,955	2,950
1994 Series D-II	2002-2025	5.65 to 8.125	1,725	2,505
1994 Series E	2002-2024	5.60 to 8.125	2,255	3,375
1994 Series F	2002-2025	6.75 to 8.625	1,080	1,980
1995 Series A	2002-2025	5.70 to 8.00	5,520	8,670

(Amounts for all notes in tabular format are in thousands.)

(4) Bonds and Notes Payable (continued)

Description and due date		Interest rate (%)	2001	2000
Single Family Program Senior and Subordinate Bonds, continued:				
1995 Series B	2002-2025	5.50 to 7.90	$ 6,115	$ 8,835
1995 Series C	2002-2025	5.15 to 7.65	8,685	11,945
1996 Series D	2002-2026	5.20 to 7.38	19,470	23,750
1996 Series A	2002-2027	4.80 to 7.40	18,895	25,730
1996 Series B	2002-2027	5.10 to 7.65	15,900	24,190
1996 Series C	2002-2027	5.00 to 7.55	17,840	25,025
1997 Series A	2002-2027	4.55 to 7.25	24,050	32,590
1997 Series B	2002-2028	4.80 to 7.00	23,425	31,580
1997 Series C	2002-2028	5.00 to 6.875	24,035	34,415
1998 Series A	2002-2029	4.75 to 6.60	35,885	43,940
1998 Series B	2002-2029	4.625 to 6.55	36,228	44,782
1998 Series D	2002-2029	4.25 to 6.35	47,655	54,635
1999 Series A	2002-2030	4.25 to 6.45	42,695	48,450
1999 Series B	2002-2030	4.875 to 6.80	52,485	59,165
1999 Series C	2002-2031	4.70 to 7.20	61,035	69,140
2000 Series A	2002-2031	5.40 to 7.54	41,000	50,000
2000 Series B	2002-2031	5.10 to 7.47	36,550	40,000
2000 Series C	2002-2031	5.10 to 8.40	49,550	54,765
2000 Series D	2002-2032	5.15 to 7.43	40,000	40,000
2000 Series E	2002-2032	5.15 to 7.10	35,000	35,000
2001 Series A	2002-2032	5.00 to 6.50	40,000	-
2001 Series B	2002-2033	4.125 to 6.55	55,490	-
2001 Series C	2002-2033	4.00 to 6.375	61,365	-
			820,443	818,647
Single Family Revenue Refunding Bonds:				
1994 Series A	2002-2011	5.00 to 5.30	420	515
Single Family Mortgage Bonds:				
2001 Series AA	2002-2041	Variable	131,840	-
Mortgage notes:				
September 4, 2020		1.00	837	878
June 22, 2025		1.00	742	770
July 1, 2004		4.50	732	750
June 30, 2001		5.37	-	1,224
April 1, 2002		11.47	49	50
March 31, 2003		-	85	128
November 30, 2005		-	70	70
May 1, 2005		7.25	-	9,282
Lines of credit:				
January 31, 2002		2.00	5,659	4,070
February 1, 2002		1.90	87,000	87,860
February 1, 2002		2.45	9,133	-

(Amounts for all notes in tabular format are in thousands.)

Description and due date	Interest rate (%)	2001	2000
Unsecured notes payable			
June 30, 2003	Variable	$ 89	$ -
August 23, 2003	Variable	104	76
October 28, 2002	Variable	-	250
		104,500	105,408
Total bonds and notes payable		1,766,837	1,693,687
Discounts/premiums, net		53,112	49,329
Deferred refunding amounts		(4,477)	(2,085)
Total bonds and notes payable, net		$ 1,815,472	$ 1,740,931

Included in several of the bond issues shown above are Capital Appreciation Term Bonds ("CATB"). The principal amounts of these bonds appreciate based on semiannual compounding of the original principal balances at the interest rates specified. The appreciated balances of these bonds at maturity and as reflected in the accompanying statements of financial condition at December 31, 2001 and 2000 are as follows:

Description, due date and type		Interest rate (%)	Appreciated Balances Maturity	2001	2000
Single Family Revenue Bonds:					
1985 Series A	2014 CATB	11.125	$ 2,995	$ 760	$ 797
1993 Refunding Series A	2014 CATB	7.00	9,945	4,161	4,550
Single Family Housing Revenue Bonds:					
1991 Refunding Series A		6.70 to 7.00	-	-	15,576
Single Family Senior and Subordinate Bonds:					
1998 Series B	2029 CATB	5.5	6,940	1,533	1,452
Single Family Program Bonds:					
1998 Series C	2029 CATB	5.625	16,285	3,477	3,290

(Amounts for all notes in tabular format are in thousands.)

(4) Bonds and Notes Payable (continued)

Bonds and notes payable sinking fund installments and maturities during the five years subsequent to December 31, 2001 are as follows:

	2002	2003	2004	2005	2006
Bonds:					
General Fund:					
General Obligation	$ 3,449	$ 4,401	$ 4,551	$ 4,822	$ 4,955
Multi-family Mortgage Revenue	60	-	-	-	-
Multi-family:					
Housing Insured Mortgage Revenue	5,025	5,375	5,755	6,145	6,530
Mortgage Revenue	58	62	67	72	78
Project	1,650	520	640	6,140	1,735
Single Family:					
Housing Revenue Refunding	-	-	-	113	385
Program	360	375	395	420	640
Program Senior and Subordinate	14,320	11,145	13,185	17,975	14,625
Revenue Refunding	25	30	45	75	50
Mortgage	3,350	4,390	5,145	5,175	4,865
Notes Payable	101,981	334	773	111	71
Total Bonds and Notes Payable	$ 130,278	$ 26,632	$ 30,556	$ 41,048	$ 33,934
Interest Due	99,489	97,476	97,913	96,350	94,447
Total Annual Debt Service	$ 229,767	$ 124,108	$ 128,469	$ 137,398	$ 128,381

Aggregate maturities of bonds and notes payable subsequent to the year 2006 are approximately $1,504,389,000.

Assets of the various Bond Funds are pledged for payment of principal and interest on the applicable bonds. In addition, certain assets are further restricted by bond resolutions for payment of interest on and/or principal of bonds in the event that the related debt service funds and other available monies are insufficient. Such assets are segregated within the various Bond Funds and are held in cash, marketable securities or investment agreements. At December 31, 2001 and 2000, these assets were at least equal to the amounts required to be restricted.

As of December 31, 2001 and 2000, the Authority had a $49,000 and $50,000, respectively, note payable to a bank under its Taxable Multi-family Rental Housing Rehabilitation Program. The note is secured by the pledge of, and is being repaid with the principal and interest payments on, the mortgage loan participations, which were acquired with the note proceeds. In the event of default of any underlying mortgage loan, the Authority is obligated to the bank for up to one-third of any deficiency of amounts due the bank upon foreclosure or other conversion of the defaulted loan. The Authority receives an ongoing fee representing .25% of the unpaid balance of its participation interest.

The Authority has an agreement with the Federal Home Loan Bank of Topeka (FHLB) for borrowings of up to $100,000,000. Amounts drawn under the agreement bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and/or investment securities. As of December 31, 2001 and 2000, the outstanding borrowings under this agreement were $87,000,000 and $87,860,000, respectively.

The Authority also has a revolving, unsecured, commercial bank line of credit for borrowings of up to $30,000,000. Amounts drawn under the agreement bear interest fixed at .52% per annum above the London Interbank Offered Rates (LIBOR). The line of credit agreement terminates on July 25, 2002. As of December 31, 2001 and 2000, the

(Amounts for all notes in tabular format are in thousands.)

(4) Bonds and Notes Payable (continued)

outstanding borrowings under this agreement were $9,133,000 and $0.

During 2001, the Authority has an agreement with another bank for a secured line of credit authorizing borrowings of up to $6,000,000. The agreement provides for the Authority to borrow an amount based on the prior month's average daily balance of custodial funds held in a non-interest bearing account at the bank. Amounts drawn under the agreement bear interest fixed at 2% per annum, and are invested with the bank in a money market savings account. The line of credit agreement terminates on April 30, 2002. As of December 31, 2001, the outstanding borrowings under this agreement were $5,659,000.

The Authority has issued certain conduit Multi-family Housing Revenue Bonds and Industrial Development Bonds, the proceeds of which were made available to various developers and corporations for rental housing and commercial purposes. As of December 31, 2001, $180,209,000 and $47,470,000, respectively, of these bonds were outstanding. The corresponding amounts outstanding as of December 31, 2000 were $182,640,000 and $59,625,000, respectively. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers and corporations. Loan and corresponding debt service payments are generally guaranteed by irrevocable direct-pay letters of credit, or other credit enhancement arrangements. The faith and credit of the Authority is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

(5) Interest Rate Swaps

The Authority has entered into interest rate swap agreements with various rated counterparties. Under the terms of the agreements, the Authority makes periodic fixed interest rate payments in exchange for receiving variable rate payments. The swap agreements are used to create synthetic fixed rates on the underlying variable rate bonds. The swap agreement notional amounts are amortized in accordance with the scheduled and/or anticipated reductions in the related bond liability. The table below contains the terms of the interest rate swap agreements with the associated bond issues:

Associated Bond Issue	Outstanding Notional Amount	Issue Date	Fixed Rate Paid by the Authority	Floating Rate Received from Counterparties	Termination Date
Multi-Family/Project Bonds:					
2000 Series A A-1, Class I	$ 12,750	03/21/00	5.235%	VRDO's Rate[1]	10/01/20
2000 Series A A-1, Class III	18,500	03/21/00	5.225%	VRDO's Rate[1]	04/01/25
2000 Series A A-2, Class I	11,545	03/21/00	5.800%	VRDO's Rate[1]	04/01/15
2000 Series B B-1, Class I	7,780	10/19/00	7.390%	LIBOR[2], plus .25%	07/01/20
Single Family Mortgage Bonds:					
2001 Series AA AA-1, Class I	50,000	10/04/01	5.290%	VRDO's Rate[1]	11/01/13
2001 Series AA AA-2, Class I	46,840	10/04/01	4.600%	VRDO's Rate[1]	05/01/31

1 Variable rate demand obligation
2 London inter-bank offered rates

The Authority is potentially exposed to loss in the event of nonperformance by the counterparties under the agreements, or from early termination of the swap agreements. However, the Authority does not anticipate such nonperformance and expects to hold the swap agreements to the stated termination dates.

(6) Debt Refundings

On October 4, 2001, the Authority issued its Single Family Mortgage Bonds 2001 Series AA, in the aggregate principal amount of $131,840,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Single Family Housing Revenue Refunding Bonds, 1991 Series A and 1996 Series AA in the amount of $81,840,000. The refunding resulted in an increase in the aggregate debt service requirement of $9,447,000 and an approximate economic gain to the Authority of $21,917,000.

On August 2, 2001, the Authority issued its Single Family Program Senior and Subordinate Bonds 2001 Series C, in the aggregate principal amount of $61,365,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Single Family Program Senior and Subordinate Bonds, 1991 Series C and D in the amount of $11,625,000. The refunding resulted in a decrease in the aggregate debt service requirement of $3,178,000 and an approximate economic gain to the Authority of $2,245,000.

On May 30, 2001, the Authority issued its Single Family Program Senior and Subordinate Bonds 2001 Series B, in the aggregate principal amount of $55,840,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Single Family Program Senior and Subordinate Bonds, 1991 Series A and B in the amount of $6,210,000. The refunding resulted in a decrease in the aggregate debt service requirement of $1,243,000 and an approximate economic gain to the Authority of $1,196,000.

On June 15, 2000, the Authority issued its Single Family Program Senior and Subordinate Bonds, 2000 Series C, in the aggregate principal amount of $55,035,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Single Family Program Senior and Subordinate Bonds, 1990 Series A,B, and C in the amount of $10,415,000. The refunding resulted in a substantial decrease in aggregate debt service requirements of $1,127,000 and an approximate economic gain to the Authority of $848,000.

On March 21, 2000, the Authority issued its Multi-Family/Project Bonds, 2000 Series A, in the aggregate principal amount of $96,580,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Multi-Family Housing Insured Mortgage Revenue Bonds, 1977 Series A and B and General Obligation Bonds, 1986, 1991 and 1994 Series A in the amount of $95,585,000. Included in the multi-family issue are variable rate bonds with interest ranging from a weekly high of 5.75% which could result in an increase in aggregate debt service requirements of $4,514,000 and an approximate economic gain to the Authority of $18,762,000, to a weekly low of 1.9% which could result in a substantial decrease in aggregate debt service requirements of $41,929,000 and an approximate economic gain to the Authority of $43,209,000.

Economic gain or loss is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate.

In accordance with Governmental Accounting Standards Board Statement No. 23, the following deferred amounts related to the 2001 and 2000 refunding transactions are being amortized over the estimated remaining lives of the old debt.

(Amounts for all notes in tabular format are in thousands.)

(6) Debt Refundings (continued)

	2001	2000
Single Family Housing Revenue Refunding Bonds 1991 Series A and 1996 Series AA:		
Deferred fee income	$ 44	$ -
Deferred debt financing costs	1,345	-
Call premium	617	-
Single Family Program Senior and Subordinate Bonds, 1991 Series C and D:		
Deferred fee income	(205)	-
Deferred debt financing costs	155	-
Call premium	233	-
Single Family Program Senior and Subordinate Bonds, 1991 Series A and B:		
Deferred fee income	(86)	-
Deferred debt financing costs	76	-
Call premium	146	-
Single Family Program Senior and Subordinate Bonds, 1990 Series A, B, and C:		
Deferred fee income	-	(216)
Deferred debt financing costs	-	210
Call premium	-	208
Multi-Family Housing Insured Mortgage Revenue Bonds, 1977 Series A and B:		
Gain on Sale of Investments	-	(71)
Deferred fee income	-	(334)
Deferred debt financing costs	-	681
General Obligation Bonds, 1986, 1991, and 1994, Series A:		
Deferred debt financing costs	-	519
Unamortized discount	-	93
Call premium	-	747
Total deferred amount	$ 2,325	$ 1,837

(Amounts for all notes in tabular format are in thousands.)

(7) Selected Financial and Operating Data

Selected financial and operating data of the various program funds of the Authority as of December 31, 2001 are as follows:

	Total Assets	Bonds and Notes Payable	Fund Equity
General Fund	$ 353,547	$ 224,414	$ 112,179
Multi-family:			
Housing Insured Mortgage Revenue	422,616	398,500	16,372
Mortgage Revenue	2,037	2,010	-
Project	166,317	161,356	3,564
Single Family:			
Taxable Revenue	10,975	8,670	2,113
Taxable Program Senior and Subordinate	2,978	1,600	1,368
Revenue	12,883	6,396	6,444
Program Senior and Subordinate	908,080	880,774	13,807
Program Bonds	18,268	17,131	1,023
Revenue Refunding	601	420	180
Mortgage	156,215	131,029	23,757
Intercompany Eliminations	(16,934)	(16,828)	-
	$ 2,037,583	$ 1,815,472	$ 180,807

	Total Revenue	Interest Expense	Net Income (Loss)
General Fund	$ 48,186	$ 12,599	$ 15,521
Multi-family:			
Housing Insured Mortgage Revenue	30,857	26,965	662
Mortgage Revenue	296	296	-
Project	8,320	6,369	(628)
Single Family:			
Taxable Revenue	861	678	154
Taxable Program Senior and Subordinate	292	101	189
Revenue	1,075	534	530
Program Senior and Subordinate	54,770	52,448	890
Program	932	941	(16)
Revenue Refunding	40	24	12
Mortgage	5,278	5,924	(999)
Intercompany Eliminations	(1,264)	(1,264)	-
	$ 149,643	$ 105,615	$ 16,315

Certain multi-family insured mortgage revenue bonds are secured by insured mortgage loans receivable from the Authority's instrumentalities, whose assets and operations are accounted for within the General Fund. For financial statement purposes, all transactions between the General Fund and the Bond Funds are eliminated.

(8) Retirement Plans

Employees of the Authority are members of the Public Employees' Retirement Association of Colorado ("PERA"), which is a cost-sharing, multiemployer public employee retirement system plan.

Generally all employees are required to participate in PERA. Under the plan, State statute provides that members are eligible for full retirement benefits at age 50 with at least 30 years service with a participating employer, at age 55 with at least 25 years of service, at age 65 with at least 5 years service, or by earning 35 or more years of credited service. Reduced retirement benefits are available at age 50 with at least 25 years service, at age 55 with at least 20 years of service, and at age 60 with at least 5 years service. Additionally, disability and survivors benefits are available. Benefits are vested after five years of service.

On May 6, 1997, the Governor signed into law House Bill 97-1082. This legislation changed the benefit formula for each year of service over 20 from 1.5 percent of Highest Average Salary per year to 2.5 percent with a 100 percent maximum. All current benefit recipients with more than 20 years of service had their benefit recalculated. Benefit payments dated July 31, 1997, and later reflect this new calculation. The legislation also establishes a two-tier disability retirement program applicable to members who apply for disability on or after January 1, 1999.

House Bill 00-1458, passed in the 2000 legislative session, changed the retirement eligibility for members who are 55 years of age or older and retiring June 1, 2000, or later, with age plus years of service totaling 80 or more. These members may retire without a reduction for early retirement. The reduction for early retirement for some members with age plus years of service totaling less than 80 was also lowered. In addition, beginning March 1, 2000, the annual increase for PERA benefits was 3.5% compounded annually, and was no longer tied to the Consumer Price Index.

Under the plan, State statute requires the Authority and participating employees to contribute 9.43% and 8% for 2001, respectively, and 10% and 8% for 2000, respectively, of the employees' gross salaries, as defined by the plan. The Authority's total eligible payroll for participating employees was $7,585,000 and $6,649,000 for 2001 and 2000, respectively. Contributions by the Authority and employees approximated $715,000 and $605,000, respectively, for 2001, while for 2000 the amounts were $665,000 and $534,000, respectively.

The pension benefit obligation, which is the actuarial measure of the present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users of the Authority's financial statements assess PERA's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERA and other pension programs and among employees. As of December 31, 2000, the date of the latest available audited information, the total actuarial accrued liability and total net assets available for benefits of the Municipal Division of PERA, in which the Authority's pension contributions and benefits are included, were $1,514,014,000 and $1,740,454,000, respectively. There were no unfunded liabilities in the Municipal Division as of December 31, 2001.

PERA, as a separate entity, issues its own annual financial statements, included in which is historical ten-year trend information for all contributions to the retirement system.

Included in the Authority's general obligation debt are bonds payable to PERA of $78,713,000 and $73,286,000 at December 31, 2001 and 2000, respectively.

An additional benefit offered to eligible Authority employees through PERA is a Voluntary Investment Program ("VIP"), established under Section 401(k) of the Internal Revenue Code. Participants may invest a percentage of their annual gross salaries up to the annual IRS limit of their gross salaries. The Authority contributes 1% of each participating employee's salary and in addition, matches at the rate of 50% of the first 5% of the participating employee's contribution. In addition, the Authority participates in PERA's MatchMaker Program, which uses a portion of the employer's contributions as a dollar-for-dollar match to the 401(k) plan, not to exceed 2% of the employee's gross salary.

The Authority also offers a deferred compensation plan for the purpose of providing retirement income for employees. This defined contribution plan is qualified under Section 457 of the Internal Revenue Code. The plan is administered by an independent trustee.

STATEMENTS OF FINANCIAL CONDITION BY PROGRAM

Years Ended December 31,

(000s Omitted)	General Fund	Single Family	Multi-family	Eliminations	Memorandum Totals 2001	Memorandum Totals 2000
ASSETS						
Cash	$ 12,765	$ -	$ 164	$ -	$ 12,929	$ 7,315
Marketable securities:						
Short-term	94,412	230,169	87,000	-	411,581	329,128
Long-term, at fair value	16,628	47,866	49,422	-	113,916	124,162
Total cash and marketable securities	123,805	278,035	136,586		538,426	460,605
Loans receivable, net	200,075	781,284	441,176	(16,828)	1,405,707	1,392,805
Accrued interest receivable	1,616	9,523	5,805	(106)	16,838	17,535
Property and equipment, net:						
Corporate facilities	5,116	-	-	-	5,116	3,301
Rental operations	26,547	-	-	-	26,547	26,945
Deferred debt financing costs, net	1,050	13,477	3,381	-	17,908	16,962
Other real estate owned, net	-	929	6,217	-	7,146	5,822
Other assets	18,149	(88)	1,834	-	19,895	19,774
Due from (to) other funds	(22,811)	26,840	(4,029)	-	-	-
Total Assets	$ 353,547	$ 1,110,000	$ 590,970	$ (16,934)	$ 2,037,583	$ 1,943,749
LIABILITIES AND FUND EQUITY						
Liabilities:						
Bonds and notes payable, net	$ 224,414	$ 1,046,020	$ 561,866	$ (16,828)	$ 1,815,472	$ 1,740,931
Accrued interest payable	1,959	15,284	8,087	(106)	25,224	23,413
Accounts payable and other liabilities	6,444	4	1,081	-	7,529	5,207
Federally assisted program advances	369	-	-	-	369	1,738
Deferred fee income	298	-	-	-	298	280
Escrow and refundable deposits	7,884	-	-	-	7,884	7,688
Total liabilities	241,368	1,061,308	571,034	(16,934)	1,856,776	1,779,257
Fund equity - retained earnings:						
Restricted	-	48,692	19,936	-	68,628	67,834
General Fund - Board designated	112,179	-	-	-	112,179	96,658
Total fund equity - retained earnings	112,179	48,692	19,936	-	180,807	164,492
	$ 353,547	$ 1,110,000	$ 590,970	$ (16,934)	$ 2,037,583	$ 1,943,749

See notes to financial statements

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS BY PROGRAM

Years Ended December 31,

(000s Omitted)	General Fund	Single Family	Multi-family	Eliminations	Memorandum Totals 2001	Memorandum Totals 2000
Interest and investment revenues						
Loans receivable	$ 16,987	$ 49,701	$ 33,348	$ (1,264)	$ 98,772	$ 90,606
Marketable securities	3,135	18,371	7,248	-	28,754	31,689
Net increase (decrease) in fair value of marketable securities	473	(469)	(234)	-	(230)	2,603
Total interest and investment revenue	20,595	67,603	40,362	(1,264)	127,296	124,898
Interest expense - bonds and notes payable	11,267	60,650	33,630	(1,754)	103,793	101,105
Net interest revenue	9,328	6,953	6,732	490	23,503	23,793
Other revenues (expenses):						
Rental operations	10,373	-	-	-	10,373	9,858
Fees and miscellaneous income	11,679	1	294	-	11,974	11,413
Program fees (expenses)	5,539	(4,356)	(1,183)	-	-	-
Total other revenue	27,591	(4,355)	(889)	-	22,347	21,271
Net revenue	36,919	2,598	5,843	490	45,850	45,064
Other expenses:						
Salaries and related benefits	9,892	-	-	-	9,892	9,356
General operating	10,280	312	563	-	11,155	9,300
Provision for losses	953	198	5,515	-	6,666	2,059
Other interest expense	1,332	-	-	490	1,822	2,249
Transfers	(1,059)	1,328	(269)	-	-	-
Total other expenses	21,398	1,838	5,809	490	29,535	22,964
Net income	15,521	760	34	-	16,315	22,100
Retained earnings, beginning of year	96,658	47,932	19,902	-	164,492	142,392
Retained earnings, end of year	$ 112,179	$ 48,692	$ 19,936	$ -	$ 180,807	$ 164,492

See notes to financial statements