MISSOURI HOUSING DEVELOPMENT COMMISSION

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
JUNE 30, 2015

Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Contents

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Independent Auditors' Report

The Commissioners
Missouri Housing Development Commission
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the Missouri Housing Development Commission (the Commission), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Missouri Housing Development Commission as of June 30, 2015, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the Commission adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended by GASB Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date.* Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of commission's proportionate share of the net pension liability and schedule of commission's contributions on pages 5 through 13 and 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 basic financial statements that collectively comprise the Commission's financial statements. The accompanying supplementary information which includes the combining statement of net position; combining statement of net position multifamily bond-financed programs; combining statement of net position single family bond-financed programs; combining statement of revenues, expenses and changes in net position; combining statement of revenues, expenses and changes in net position multifamily bond-financed programs; and combining statement of revenues, expenses and changes in net position single family bond-financed programs, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

RubinBrown LLP

September 22, 2015

Our discussion and analysis of Missouri Housing Development Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Commission's financial statements and accompanying notes.

Introduction - Missouri Housing Development Commission

The Missouri Housing Development Commission (the Commission) was established by the 75th Missouri General Assembly in 1969 and is the housing finance agency for the state of Missouri (State). The Commission is entirely self-supporting and does not draw upon the general taxing authority of the State. The Commission secures resources through the sale of tax-exempt and taxable bonds, and notes and through the sale of mortgage assets, for the purposes of financing owner-occupied residential mortgage loans for lower- and moderate-income persons and providing construction and long-term financing for rental developments to be occupied by lower and moderate-income persons. The Commission's net position is also a source of funding for such loans and other housing-related programs.

The Commission conducts other programs related to its housing finance activities, including administering the Missouri Housing Trust Fund, the Missouri Affordable Housing Assistance Program and the federal and state housing tax credits for the State. The Commission also administers federal assistance programs, including the HOME Investment Partnership Program and contracts for the Project Based Section 8 program which provide rental subsidies.

Overview of the Financial Statements

This annual financial report consists of three parts: management's discussion and analysis; the financial statements, including notes to the financial statements; and required and other supplementary information. The Commission is a self-supporting entity and follows enterprise fund reporting, using the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the Commission.

2015 Financial Highlights

- Total assets were $1.8 billion, a decrease of less than 1% from June 30, 2014.

- Fiscal year 2015 mortgage investment purchases and originations totaled $162.1 million as compared to $170.5 million in fiscal year 2014. Proceeds from the sale of mortgage assets and principal repayments on mortgage assets totaled $141.8 million in fiscal year 2015 as compared to $336.1 million in fiscal year 2014.

- Single family and multifamily housing bonds issued totaled $162.7 million in fiscal year 2015 and totaled $88.3 million in fiscal year 2014.

- Total revenues were $217.2 million in fiscal year 2015, a decrease of 6.0% from fiscal year 2014. Excluding the net change in fair value of investments, total revenues were $217.7 million in fiscal year 2015, representing a decrease of 4.0%. Revenues from federal programs were $151.9 million in fiscal year 2015 as compared to $152.4 million in fiscal year 2014.

- Net operating income, excluding the net change in fair value of investments, was $20.3 million in fiscal year 2015 as compared to $28.0 million in fiscal year 2014. Excluding federal programs and the net change in fair value of investments, net operating income was $15.2 million in fiscal year 2015 as compared to $20.3 million in fiscal year 2014.

- Net position increased $19.9 million (2.8%) as of June 30, 2015. Excluding the change in fair value of investments, net position increased $15.2 million (2.3%) as of June 30, 2015.

- Standard and Poor's Rating Services continued the Commission's AA+ Issuer Credit Rating, with a rating outlook for the intermediate to longer term of stable.

Financial Position

The following table summarizes the Commission's current, restricted and noncurrent assets, deferred outflows of resources, liabilities and deferred inflows of resources. The table also displays restricted and unrestricted net position as of June 30, 2015 and 2014.

Condensed Financial Information

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (In Thousands)

	June 30,		$ Change
	2015	**2014**	**2015 - 2014**
Assets			
Current assets	$ 30,004	$ 26,334	$ 3,670
Restricted investments	175,040	176,667	(1,627)
Restricted mortgage investments	1,172,492	1,185,901	(13,409)
Other restricted assets	116,209	143,180	(26,971)
Capital assets	674	704	(30)
Other	260,377	225,948	34,429
Total Assets	$ 1,754,796	$ 1,758,734	$ (3,938)
Deferred Outflows of Resources	$ 1,032	$ 1,159	$ (127)
Liabilities			
Current liabilities	$ 22,858	$ 2,192	$ 20,666
Current liabilities - payable from restricted assets	139,574	141,328	(1,754)
Long-term bonds and notes payable	843,691	896,449	(52,758)
Other	15,820	8,569	7,251
Total Liabilities	$ 1,021,943	$ 1,048,538	$ (26,595)
Deferred Inflows of Resources	$ 3,713	$ 1,061	$ 2,652
Net Position			
Net investment in capital assets	$ 674	$ 704	$ (30)
Restricted	484,761	476,637	8,124
Unrestricted	244,737	232,953	11,784
Total Net Position	$ 730,172	$ 710,294	$ 19,878

The Commission implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense. As a result of the implementation, net position as of June 30, 2014 was restated to include the following (in thousands).

Deferred outflows (deferred pension expense)	$	993
Net pension liability*		9,561
Unrestricted net position (prior period adjustment)	$	(8,568)

*included in long-term bonds payable

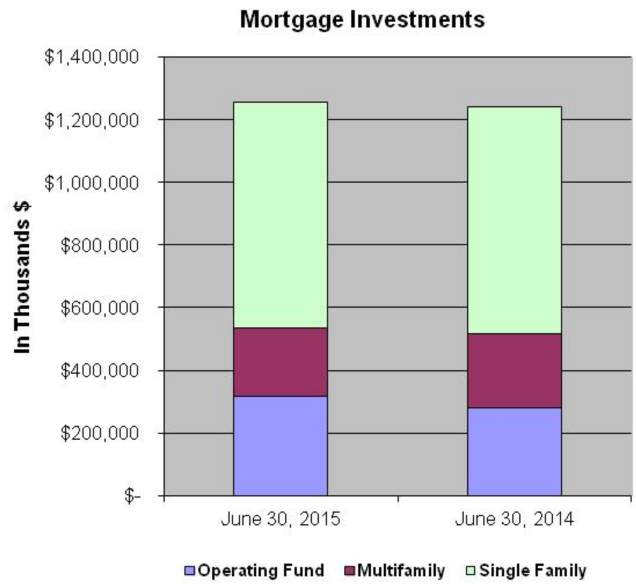
Investments

Investments consist of certificates of deposit, U.S. government and agency fixed rate securities and guaranteed investment agreement contracts. The Commission's investment policy emphasizes preservation of principal. At June 30, 2015, the Commission had $368.5 million in investments as compared to $364.4 million at June 30, 2014.

Mortgage Investments

The Commission's mortgage investments increased 1.3% during fiscal year 2015. Mortgage investments comprise 71.6% of the Commission's total assets at June 30, 2015, as compared to 70.5% at June 30, 2014. Government National Mortgage Association (GNMA), Fannie Mae and Federal Home Loan Mortgage Corporation (FHLMC) mortgage-backed securities (MBS) comprise 59.1% of the Commission's mortgage investments at June 30, 2015, compared to 58.2% at June 30, 2014. In fiscal year 2015 new loans totaled $162.1 million, with prepayment activity and change in fair value resulting in a net increase of $15.9 million in the mortgage investment portfolio as reported. In fiscal year 2014 new loans totaled $170.5 million, with mortgage asset sales, prepayment activity and change in fair value resulting in a net decrease of $165.5 million in the mortgage portfolio as reported. The Commission's loan portfolio is low-risk, with over 99% of the homeownership loan portfolio being GNMA, Fannie Mae and FHLMC MBS and a significant portion of its bond-financed multifamily loan portfolio backed by Federal Housing Administration (FHA) insurance, including Risk-Share loans. The Commission's loan loss reserve is 3.4% of total mortgage investments at June 30, 2015 (3.5% at June 30, 2014), which is allocated to uninsured loans, Risk-Share loans and related accrued interest on such loans.

The mix of mortgage investments among operating fund loans, multifamily bond-financed programs and single family bond-financed programs at June 30, 2015 and 2014 is depicted in the following chart:



The Commission's operating fund mortgage investments as reported are comprised of mortgage-backed securities and loans financed with fund balances (net position) and Federal Home Loan Bank (FHLB) advances totaling $111.5 million at June 30, 2015, as compared to $83.1 million at June 30, 2014. The operating fund loans also include loans financed by the federal HOME Investment Partnership Program totaling $179.8 million at June 30, 2015, as compared to $171.9 million at June 30, 2014. In addition, the operating fund loans at June 30, 2015, include $25.6 million in loans financed by the federal Tax Credit Assistance Program (TCAP), as compared to $25.9 million at June 30, 2014. The Commission's multifamily loan portfolio includes FHA-insured Risk-Share mortgage loans, in which the Commission participates in 50% of the insured risk. These loans totaled $148.4 million at June 30, 2015 and $160.4 million at June 30, 2014. The Commission's multifamily loan portfolio also includes conduit loans, which totaled $73.4 million at June 30, 2015 and $74.7 million at June 30, 2014. The conduit loans are financed by the borrowers with limited obligation revenue bonds.

Debt

At June 30, 2015, the Commission had $889.2 million in bonds and notes outstanding as compared to $915.4 million outstanding at June 30, 2014.

During fiscal year 2015, new debt resulted from issuance of one series of multifamily housing refunding revenue bonds, which totaled $12.1 million, and three single family mortgage revenue bond series totaling $150.6 million, including one refunding bond series totaling $40.6 million. The overall net decrease in debt during fiscal year 2015 resulted from principal payments and redemptions that exceeded current year issuances. During fiscal year 2014, new debt resulted from issuance of three series of multifamily housing revenue bonds, which totaled $38.3 million, including one refunding issue totaling $23.7 million, and one single family mortgage revenue bond series totaling $50.0 million. The overall net decrease in debt during fiscal year 2014 resulted from principal payments and redemptions that exceeded current year issuances. For additional information, see *Note 5*, Bonds Payable and Long-Term Liabilities, in the Notes to Financial Statements.

Net Position

The Commission continues to demonstrate a strong financial position. Excluding the effects of fair value reporting and conduit bond assets, net worth ratio (net position as compared to total assets) was 41.5% at June 30, 2015, as compared to 40.4% at June 30, 2014. Excluding unrealized gains and losses, net position was $676.0 million at June 30, 2015 and $660.8 million at June 30, 2014, representing growth of 2.3% in fiscal year 2015 and growth of 2.9% in fiscal year 2014. A significant portion of the Commission's net position is restricted by bond indentures, grant agreements and other legal requirements. Net position provides liquidity and capital adequacy to support the Commission's general obligations and commitments, such as the Commission's general obligation bonds and participation in the U.S. Department of Housing and Urban Development (HUD) Risk-Share Program, that are secured by the Commission's full faith and credit.

Operating Activities

The following table summarizes the Commission's revenues, expenses and changes in net position for fiscal years 2015 and 2014.

Condensed Financial Information

Revenues, Expenses and Changes in Net Position (In Thousands)

	June 30, 2015	June 30, 2014	$ Change 2015 - 2014
Operating Revenues			
Interest and investment income	$ 51,420	$ 61,754	$ (10,334)
Grants and federal assistance	151,932	152,439	(507)
Other	13,887	16,799	(2,912)
Total Operating Revenues	217,239	230,992	(13,753)
Operating Expenses			
Interest expense	29,085	35,607	(6,522)
Compensation and administrative expenses	12,969	12,506	463
Grants and federal assistance	146,817	144,721	2,096
Other	8,490	5,808	2,682
Total Operating Expenses	197,361	198,642	(1,281)
Change in Net Position	$ 19,878	$ 32,350	$ (12,472)

While the Commission continues to demonstrate strong financial activity, the economy and market conditions have affected financial results. During fiscal year 2015, overall revenues decreased due, primarily, to a decrease in fair value adjustments and a decrease in interest and investment income due to a decrease in mortgage investment earnings as a result of a lower average level of mortgage investments held throughout the year. During fiscal year 2014, overall revenues increased due, primarily, to a increase in fair value adjustments and an increase in federal assistance revenue. Excluding the effects of fair value reporting, the change in net position was an increase of $15.2 million in fiscal year 2015 and $18.9 million in fiscal year 2014, demonstrating continued financial strength. The return on average equity and the return on average assets, excluding the effects of fair value reporting and conduit bond-financed assets, were 2.3% and 0.9%, respectively, for fiscal year 2015. This compares to 2.9% and 1.1%, respectively, for fiscal year 2014.

Revenues

Interest and investment income totaled $51.4 million in fiscal year 2015, as compared to $61.8 million in fiscal year 2014 (a decrease of 16.7% in fiscal year 2015). This income includes a fair value decrease of $411,000 in fiscal year 2015 and a fair value increase of $4.4 million in fiscal year 2014. Changes in the fair value of the Commission's portfolio of mortgage-backed securities and other investments result from fluctuations in interest rates and other market factors. Without the fair value adjustments, interest and investment income decreased 9.7% in fiscal year 2015 reflecting the decrease in the Commission's mortgage investment interest earnings that declined due to a decrease in the average level of mortgage investments held throughout the year. Depending on future financial markets, interest rate fluctuations are expected to have continuing material effects on the Commission's financial statements.

Grants and Federal Assistance

Federal and state grant program revenues and expenses represent activity related to projects funded by HUD (including Section 8 Contract Administration and HOME Investment Partnership) and other federal programs. These revenues totaled $151.9 million in fiscal year 2015 as compared to $152.4 million in fiscal year 2014 while expenses incurred were $146.8 million in fiscal year 2015 and $144.7 million in fiscal year 2014. The fiscal year 2015 change is primarily due to a decrease in the HOME Investment Partnership and an increase in Section 8 Contract Administration funding. The fiscal year 2014 increase was primarily due to increases in the HOME Investment Partnership and Section 8 Contract Administration funding. HOME Investment Partnership funding has varied reflecting timing of awards and disbursements in addition to a change in federal allocation for this program and totaled $9.8 million in fiscal year 2015, as compared to $14.5 million in fiscal year 2014. These programs, along with federal and state tax credit programs, are integral to the Commission's achievement of its objectives. The Commission continues to effectively use federal government programs that serve its mission by utilizing those that provide resources that leverage its net position and other resources to finance affordable multifamily and owner-occupied housing for Missourians as well as provide housing assistance to very low-income Missourians.

Expenses

Interest costs were $29.1 million for fiscal year 2015 as compared to $35.6 million for fiscal year 2014 (a decrease of 18.3% in fiscal year 2015). The fiscal year 2015 decrease is primarily attributable to the decrease in the amount of total debt outstanding and to the decrease in the rates on newer debt issues, particularly the lower interest rates achieved with refunding bonds.

Beyond the costs associated with debt financing, the Commission's chief operating costs consist of compensation, facilities rent, information systems, professional services and travel expenses. These costs totaled $13.0 million in fiscal year 2015 ($12.5 million in fiscal year 2014). Excluding the net change in the fair value of investments, these costs represented 5.96% of revenues in fiscal year 2015 as compared to 5.52% of revenues in fiscal year 2014.

Economic and Other Factors

The Commission's programs and activities are subject to economic and other factors that may affect the Commission's financial position and operations. In the coming year, changes in interest rates can be expected to impact investment earnings and may result in large fluctuations in the fair value of investments and mortgage-backed securities.

With respect to financing its single family programs, the Commission may sell mortgage-backed securities, including sales in the To-Be-Announced (TBA) market as an alternative to financing in the traditional tax-exempt bond market. Mortgage prepayments are expected to result in a decline in mortgage investments to be accompanied by corresponding bond redemptions.

The Commission administers the Project-Based Section 8 program in the State through a contract with HUD, which results in over $139,000,000 in housing assistance payment revenue and expense activity annually. HUD may extend the current contract, which terminates June 30, 2016, and is expected to competitively bid this program administration at a future time for which the Commission plans to submit an application.

Contacting the Commission's Financial Management

This financial report is designed to provide the Commission's stakeholders with a general overview of the Commission's finances and to demonstrate accountability of resources. Questions about this report or inquiries for additional financial information may be directed to the Director of Finance at the Missouri Housing Development Commission, 920 Main Street, Suite 1400, Kansas City, Missouri, 64105 or visit the Commission's website at www.mhdc.com.

MISSOURI HOUSING DEVELOPMENT COMMISSION

STATEMENT OF NET POSITION
June 30, 2015
(In Thousands)

Assets	
Current Assets	
Cash and cash equivalents	$ 10,360
Investments	9,483
Mortgage investments	6,837
Accrued interest receivable	2,485
Accounts receivable - other	763
Prepaid expenses	76
Total Current Assets	30,004
Noncurrent Assets	
Restricted assets	
Cash and cash equivalents	112,295
Investments	175,040
Mortgage investments	1,172,492
Accrued interest receivable	3,864
Accounts receivable - other	50
Total Restricted Assets	1,463,741
Investments	183,981
Accounts receivable - other	66
Mortgage investments, net of current portion and allowances for loan losses of $42,965	76,330
Capital assets, less accumulated depreciation of $4,156	674
Total Noncurrent Assets	1,724,792
Total Assets	1,754,796
Deferred Outflows of Resources	
Refunding of debt	10
Pension	1,022
Total Deferred Outflows of Resources	1,032

STATEMENT OF NET POSITION *(Continued)*
June 30, 2015
(In Thousands)

Liabilities		
Current Liabilities		
FHLB advance payable	$	19,729
Accrued interest payable		134
Accounts payable		1,709
Unearned revenue		1,286
Total Current Liabilities		22,858
Current Liabilities - Payable from Restricted Assets		
Bonds and notes payable		25,731
Accrued interest payable		6,795
Escrow deposits		106,489
Rent subsidies and other payables		324
Accounts payable		235
Total Current Liabilities - Payable from Restricted Assets		139,574
Noncurrent Liabilities		
Bonds and notes payable		5,895
Pension		7,178
Unearned revenue		8,642
Payable from restricted assets		
Bonds and notes payable		837,796
Total Noncurrent Liabilities		859,511
Total Liabilities		1,021,943
Deferred Inflows of Resources		
Refunding of debt		1,620
Pension		2,093
Total Deferred Inflows of Resources		3,713
Net Position		
Net investment in capital assets		674
Restricted		484,761
Unrestricted, including designated balances		244,737
Total Net Position	$	730,172

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended June 30, 2015
(In Thousands)

Operating Revenues	
Interest and investment income	
Income - mortgage investments	$ 45,795
Income - investments	6,036
Net decrease in fair value of investments	(411)
Total interest and investment income	51,420
Administration fees	5,633
Other income	8,254
Federal program income	151,932
Total Operating Revenues	217,239
Operating Expenses	
Interest expense on bonds	29,085
Bond debt expense	2,170
Compensation	8,395
General and administrative expenses	4,574
Rent and other subsidy payments	2,447
Housing Trust Fund grants	3,873
Federal program expenses	146,817
Total Operating Expenses	197,361
Change in Net Position	19,878
Net Position - Beginning of Year, as Restated	710,294
Net Position - End of Year	$ 730,172

STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2015
(In Thousands)

Cash Flows from Operating Activities	
Interest received on mortgage investments	$ 45,658
Fees, charges and other	11,759
Principal repayments on mortgage loans	141,772
Disbursements of mortgage loans	(162,062)
Federal revenue	151,932
Federal expenses	(146,817)
Collection of compliance and origination fees	1,873
Cash payments for compensation, administrative and other costs	(12,877)
Other operating payments	(8,740)
Net Cash Provided by Operating Activities	22,498
Cash Flows from Noncapital Financing Activities	
Retirement of principal on bonds and notes	(322,691)
Proceeds from issuance of bonds and notes	299,750
Interest paid on bonds and notes	(33,628)
Change in escrow deposits	3,964
Net Cash Used in Noncapital Financing Activities	(52,605)
Cash Flows Used in Capital and Related Financing Activities	
Payments for capital assets	(309)
Cash Flows from Investing Activities	
Purchases of investments	(118,242)
Proceeds from maturities and sales of investments	118,105
Interest received on investments	6,201
Net Cash Provided by Investing Activities	6,064
Net Decrease in Cash and Cash Equivalents	(24,352)
Cash and Cash Equivalents - Beginning of Year	147,007
Cash and Cash Equivalents - End of Year	$ 122,655

See the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS (*Continued)*

For The Year Ended June 30, 2015
(In Thousands)

Reconciliation of Increase in Net Position to Net Cash Provided by Operating Activities	
Increase in net position	$ 19,878
Adjustments to reconcile increase in net position to net cash provided by (used in) operating activities	
Depreciation	339
Net decrease in fair value of investments	411
Compliance and origination fee receipts	1,873
Amortization of unearned revenue	(1,710)
Income - investments	(6,036)
Net change in mortgage loans	(20,290)
Interest expense related to bonds and other debt	29,085
Change in deferred outflows related to pensions	(29)
Change in deferred inflows related to pensions	2,093
Change in assets and liabilities	
Increase in accounts receivable	(418)
Increase in accrued mortgage interest receivable	(137)
Increase in prepaid expenses	(38)
Decrease in accounts payable	(140)
Decrease in Pension Liability	(2,383)
Net Cash Provided by Operating Activities	$ 22,498

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Missouri Housing Development Commission (the Commission) is a body corporate and politic established on October 13, 1969, by Chapter 215 of the Missouri State statutes. In accordance with the provisions of Chapter 215 and resolutions of the Commission, the Commission is authorized to make or purchase mortgage loans that are uninsured, partially insured or insured or guaranteed by the federal government and to insure mortgage loans, the funds of which are to be used to develop new or rehabilitated low- and moderate-income housing. The Commission is also authorized to issue bonds for making or purchasing such loans. The outstanding balance of bonds applicable to loans not insured or guaranteed by a federal agency or to bonds rated lower than “AA” by rating agencies at the time of issuance shall not exceed $200,000,000. At June 30, 2015, the Commission had $67,319,000 of bonds outstanding applicable to loans that are not so insured or guaranteed or to bonds that are not so rated. Bonds issued by the Commission are not an obligation of the state of Missouri (State).

Reporting Entity

The Commission defines its reporting entity to include all component units for which the Commission is financially accountable. The extent of financial accountability is based upon several criteria including: appointment of a voting majority of the governing body, imposition of will, financial benefit to or burden on a primary government and financial accountability as a result of fiscal dependency. No separate entities meet the requirements to be considered component units of the Commission.

The Commission is considered a related organization of the state of Missouri for financial reporting purposes. Accordingly, the Commission is included as a footnote disclosure in the state of Missouri’s comprehensive annual financial report.

For financial reporting purposes, the Commission reports its operations as a single enterprise fund. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting with revenues recognized when earned and expenses recorded when incurred. All significant interfund transactions are eliminated.

Revenues and expenses are typically divided into operating and nonoperating items. Operating revenues generally result from providing services in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are derived from the investment income from loans and investments, financing fees, federal program funding and other charges related to providing financing for affordable housing through mortgage loans and grants. Operating expenses consist primarily of interest expense on bonds outstanding and federal program expenses and other costs to administer its affordable housing programs. All revenues and expenses not meeting these definitions would be reported as nonoperating revenues and expenses. The Commission has no nonoperating activities.

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

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and on deposit and temporary investments with an original maturity of three months or less. At June 30, 2015, cash equivalents consisted primarily of money market funds and Federal Home Loan Bank (FHLB) daily time accounts.

Investments

Securities purchased under agreements to resell, U.S. government and agency securities and mortgage-backed securities are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers or brokers, investment bankers or statistical services on the valuation date. For the year ended June 30, 2015, the net decrease in fair value of investments was $411,000.

Mortgage Investments

Proceeds from the sale of bonds as well as resources provided in the Commission's warehousing program and net position are used to make mortgage loans and to purchase mortgage-backed securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (GNMA), Fannie Mae or the Federal Home Loan Mortgage Corporation (FHLMC) and backed by pools of qualifying mortgage loans. Advances made on such loans during the construction period of related housing units are recorded as construction loans and are transferred to mortgage loans upon final endorsement after construction completion. Mortgage and construction loans are reported at cost, while GNMA, Fannie Mae and FHLMC mortgage-backed securities are reported at fair value as determined by external investment custodians and quoted market prices.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balances adjusted for any charge-offs and the allowance for loan losses. Generally, loans are evaluated for nonaccrual status at 90 days past due and interest is considered a loss, unless the loan is well secured and in the process of collection.

Allowance for Loan Losses

The allowance for loan losses is for uninsured loans, Risk-Share loans and related accrued interest on such loans. The allowance is management's estimate of uncollectible loans and related accrued interest and is based on existing payment conditions, prior experience and such other factors that, in management's opinion, require consideration. For financial statement presentation, the allowance for loan losses has been netted against the noncurrent portion of mortgage and construction loans.

Original Issue Discounts/Premiums

Original issue bond discounts and premiums are deferred and amortized over the life of the related issue using the outstanding bond method, which approximates the effective interest method.

Capital Assets

Capital assets consist of leasehold improvements, software, office furniture and equipment, which are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from three to nine years. The Commission defines capital assets as assets with an initial, individual cost of more than $750 and an estimated useful life in excess of one year.

Arbitrage Rebate

Federal income tax rules limit the investment and loan yields which the Commission may retain for its own use from investing the proceeds of certain tax-exempt bond issues. The excess yields payable to the U.S. Treasury are included in accounts payable and are based on estimated calculations performed by an independent valuation specialist on an ongoing basis.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred ouflows of resources. This separate financial element represents a consumption of net positon that applies to future periods and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net positon that applies to future periods and so will not be recognized as an inflow of resources until then.

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 Missouri State Employees' Retirement System (MOSERS) and additions to and deductions from MOSERS' fiduciary net position have been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the financial statements. Net position is classified as follows:

Net Investment in Capital Assets: This component of net position consists of capital assets, net of accumulated depreciation.

Restricted Net Position: This component of net position consists of restrictions placed on net position use through external constraints imposed by grant agreements and contracts, laws or regulations of other governments, bond resolution or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: This component represents net position used at the discretion of the Board of Commissioners to complement bond and loan programs, to fund housing initiatives and to provide for the Commission's operations. Certain unrestricted net position has been designated by the Commission to provide for its housing programs. Unrestricted net position provides additional security for the Commission's general obligations and commitments.

Fees, Charges and Expenses

Unearned revenue consists primarily of tax credit fees and compliance monitoring fees that are recognized as income over the contractual periods.

Service and other fees and charges are recorded as income when earned and the associated administrative expenses are recorded as incurred.

Operating expenses identifiable to a particular program are charged directly to the program. All other operating expenses are accounted for by the Commission in the Operating Fund (see *Note 2*).

Federal Assistance and Grants

The Commission administers grants and federal assistance programs, representing "pass-through" financial assistance, on the behalf of secondary recipients. The Commission recognizes financial activity related to pass-through grants and financial assistance as revenues and expenses of the Commission. Grants received from federal, state and local governments are recognized as operating revenue as the related expenditures are incurred.

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 bonds outstanding method. The deferred refunding amounts are classified as deferred inflows or deferred outflows of resources in the financial statements.

New Accounting Standards

For fiscal year ended June 30, 2015, the Commission implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense. As a result of the implementation, net position as of July 1, 2014 was restated as follows (in thousands):

Net position, as previously reported	$ 718,862
Prior period adjustments	
Net pension liability (measurement date of June 30, 2013)	(9,561)
Deferred outflows	
Contributions during the fiscal year ended June 30, 2014	993
Total prior period adjustment	(8,568)
Net position, as restated	$ 710,294

2. Description of Funds or Programs

The following describes the funds or programs maintained by the Commission, all of which conform to Chapter 215 of the Missouri state statutes and the respective bond resolutions.

Operating Fund

Funding of the Operating Fund on an ongoing basis is derived principally from allowable transfers from other funds, fees earned for administering various U.S. Department of Housing and Urban Development (HUD) programs, and interest income from Operating Fund investments and mortgage loans. Mortgage and construction loans in the Operating Fund are collateralized by deeds of trust on the related properties, including approximately $10,015,000 at June 30, 2015, which are insured by HUD or guaranteed by the Veterans Administration (VA). These insured loans include $6,550,000 at June 30, 2015, which are FHA-insured "Risk-Share Mortgage Loans," as described in *Note 4*. Authorized activities of the Operating Fund include the following:

- Payment of general and administrative expenses and other costs not payable by other funds of the Commission.
- Financing multifamily or homeownership residential housing units from accumulated fund balances, if financing of such units is not provided for under existing bond indentures.
- Those activities deemed necessary to fulfill the Commission's corporate purposes for which special funds are not established.

The Commission administers the Missouri Housing Trust Fund, which provides for a variety of housing needs, such as emergency home repair, emergency rent, mortgage or utility payments, rehabilitation or new construction of housing and related services for very low-income families and individuals. The Missouri Housing Trust Fund is authorized by Section 215.034, RSMo and its financial activities are included in the financial statements of the Commission. Separate financial statements for the Missouri Housing Trust Fund may be obtained through the Commission.

Multifamily Bond-Financed Program (2000 Indenture)

The Commission's Multifamily Bond-Financed Program (2000 Indenture) was established to support the financing and refinancing of eligible multifamily projects and includes funds and accounts to allocate the proceeds from the bond sales, receive payments on the related mortgage loans, provide for payment of the debt service requirements on the bonds and retain balances in reserves all pursuant to the Commission's Trust Indenture dated as of June 1, 2000. All loans are insured by HUD, including HUD's Risk-Share Program.

Multifamily Bond-Financed Program (2014 Indenture)

The Commission's Multifamily Bond-Financed Program (2014 Indenture) was established to succeed the program established in 2000 with updated terms and flow of funds to support the financing and refinancing of eligible multifamily projects and includes funds and accounts to allocate the proceeds from the bond sales, receive payments on the related mortgage loans, provide for payment of the debt service requirements on the bonds and retain balances in reserves all pursuant to the Commission's Trust Indenture dated as of April 1, 2014. All loans are insured by HUD, including HUD's Risk-Share Program.

Other Multifamily Bond-Financed Programs (Conduit Debt)

The Commission's Other Multifamily Bond-Financed Programs were established to support the financing and refinancing of eligible multifamily projects pursuant to the Commission's separate multifamily trust indentures, excluding the Commission's Trust Indentures dated as of June 1, 2000 and April 1, 2014. All loans, including uninsured and non-guaranteed conduit loans which totaled $67,319,000 at June 30, 2015, are financed by the borrowers with limited obligation revenue bonds, for which the Commission served as a conduit issuer. The Commission reports the conduit bonds outstanding and the related mortgage loans and mortgage-backed securities.

Homeownership Bond-Financed Program (1995 Indenture)

The Commission's Homeownership Bond-Financed Program was established to support the financing of loans for low and moderate income homebuyers and includes funds and accounts to allocate the proceeds from the bond sales, receive payments on the related mortgage loans, provide for payment of the debt service requirements on the bonds and retain balances in reserves. The bonds are secured by mortgage-backed securities backed by pools of the mortgage loans pursuant to the Commission's Trust Indenture dated as of June 15, 1995. The pledged mortgage-backed securities are guaranteed as to timely payment of principal and interest by GNMA, Fannie Mae or FHLMC.

Special Homeownership Bond-Financed Program (2009 Indenture)

The Commission's Special Homeownership Bond-Financed Program was established under the United States Treasury's Single Family New Issue Bond Program to support the financing of loans for low and moderate income homebuyers and includes funds and accounts to allocate the proceeds from the bond sales, receive payments on the related mortgage loans, provide for payment of the debt service requirements on the bonds and retain balances in reserves. The bonds are secured by mortgage-backed securities on eligible owner-occupied units pursuant to the Commission's Trust Indenture dated as of December 1, 2009. The pledged mortgage-backed securities are guaranteed as to timely payment of principal and interest by GNMA, Fannie Mae or FHLMC.

First Place Homeownership Bond-Financed Program (2015 Indenture)

The Commission's First Place Homeownership Bond-Financed Program was established to succeed the Special Homeownership Bond-Financed Program due to specific restrictions imposed under the program established by the Treasury Department to support the financing of loans for low and moderate income homebuyers and includes funds and accounts to allocate the proceeds from the bond sales, receive payments on the related mortgage loans, provide for payment of the debt service requirements on the bonds and retain balances in reserves. The bonds are secured by mortgage-backed securities on eligible owner-occupied units pursuant to the Commission's Trust Indenture dated as of May 1, 2015. The pledged mortgage-backed securities are guaranteed as to timely payment of principal and interest by GNMA, Fannie Mae or FHLMC.

3. Cash and Investments

A summary of cash and investments as of June 30, 2015 is as follows (in thousands):

	Cost	Fair Value
Cash and cash equivalents		
Cash	$ 20,109	$ 20,109
FHLB daily time accounts	1,695	1,695
Money market funds	100,851	100,851
Total cash and cash equivalents	$ 122,655	$ 122,655
Investments		
U.S. Treasury bonds and notes and agency obligations	$ 366,282	$ 365,824
Guaranteed investment contracts	2,680	2,680
Total investments	368,962	368,504
Total cash and cash equivalents and investments	$ 491,617	$ 491,159

Investment Policy

General

The Commission's Investment Policy and Guidelines are formalized in Resolution No. 925. This policy applies to investments that are not held by a trustee in connection with bond or note issues. This policy permits the Commission to invest in obligations of the state of Missouri, obligations of the United States of America, obligations issued or guaranteed by certain agencies of the federal government, certain collateralized repurchase agreements and certificates of deposit. The general policy of the Commission is to make investments for future funding requirements and not for trading purposes. At June 30, 2015, all of the Commission's general investments (non-bond related investments) were in compliance with the Commission's Investment Policy and Guidelines.

Indentures

The Commission's bond indentures permit investments in the direct obligations of, or obligations guaranteed by, the United States of America, certificates of deposit, investment agreements and certain other investments permitted by applicable law. At June 30, 2015, all investments of debt-related issues held by the Commission's trustees were in compliance with the requirements of the indentures.

Investment Maturities

As of June 30, 2015, the Commission had the following investments and maturities (in thousands):

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**	**More Than 10**
U.S. Treasury securities	$ 9,545	$ 1,250	$ —	$ 14	$ 8,281
U.S. agency securities	356,279	21,194	136,742	198,343	—
Guaranteed investment contracts	2,680	—	—	—	2,680
Total investments	$ 368,504	$ 22,444	$ 136,742	$ 198,357	$ 10,961

The Commission's Investment Policy and Guidelines limit investments for general funds in repurchase agreements to 90 days and U.S. Treasury and U.S. agency securities to 10 years. The bond resolutions and indentures allow for investments in obligations of the United States of America and investment agreements for the terms specified in these documents, generally 30 years.

At June 30, 2015, as reported at fair value, the Commission's U.S. agency securities consist of $124,676,000 Federal Farm Credit Bank (FFCB), $93,545,000 Fannie Mae, $84,640,000 FHLB and $53,418,000 FHLMC debt securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of investments. The Commission manages interest rate risk by structuring investment portfolios so that securities mature to meet cash requirements for ongoing operations and debt service obligations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk

The Commission's investments in U.S. government agency securities and money market funds are rated in the highest rating category by Moody's Investor Services (Aaa) and AA+ by Standard & Poor's. Repurchase agreements are unrated, but collateralized by U.S. agency securities. Guaranteed investment contracts are unrated. The contracts generally contain "termination" clauses so the Commission may withdraw funds early if provider credit ratings deteriorate below specified levels and collateral or a guarantee is not provided.

Concentration of Credit Risk

The Commission places no limit on the amount it may invest in any one issuer with respect to U.S. Treasury Securities and U.S. government agency securities. Obligations of the state of Missouri and collateralized certificates of deposit are limited to 60% of the nonbond fund portfolio, each. Collateralized repurchase agreements are limited to 50% of the nonbond fund portfolio. The following table lists investments in issuers that represent 5% or more of total investments at June 30, 2015:

Issuer	Percent of Total Investments
Federal Farm Credit Bank	33.8%
Fannie Mae	25.4%
Federal Home Loan Bank	23.0%
Federal Home Loan Mortgage Corporation	14.5%

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the Commission addresses custodial credit risk by pre-qualifying institutions with which the Commission places investments, diversifying its investment portfolio and maintaining a standard of quality for its investments.

Investments in U.S. government and agency securities are carried at fair value. At June 30, 2015, securities approximating $12,363,000 are uninsured and unregistered investments for which the securities are held by the Commission's counterparty.

For deposits, custodial credit risk is the risk that in the event of a bank failure, the Commission may not be able to recover its deposits. Protection of the Commission's deposits of $20,009,000 is provided by the Federal Deposit Insurance Corporation, FHLB letters of credit and by eligible securities pledged by the financial institution. Deposits with the FHLB include $100,000 in a demand deposit account, and $1,695,000 in daily time accounts, which are uninsured and uncollateralized, but are secured by the full faith and credit of the FHLB System with implicit government support.

4. Mortgage Investments

Mortgage investments reflected in the statement of position consist of the following as of June 30, 2015 (in thousands):

Total mortgage loan principal outstanding	$ 557,103
Less: Allowance for mortgage loan losses	(42,965)
Mortgage loans, net	514,138
Total mortgage-backed securities, at cost	686,875
Unrealized gain on securitized mortgage loans	54,646
Mortgage-backed securities, at fair value	741,521
Mortgage investments, net	$ 1,255,659

Mortgages include loans financed by the federal HOME Investment Partnership Program totaling $201,652,000 as of June 30, 2015. A portion of these loans totaling $82,501,000 at June 30, 2015 include prepayment terms allowing deferment or repayment based on net income of the multifamily developments. An estimated allowance for mortgage loan losses of $21,877,000 is attributable to this portfolio at June 30, 2015. At June 30, 2015, mortgages also include $29,798,000 in loans financed by the federal Tax Credit Assistance Program (TCAP). An estimated allowance for mortgage loan losses of $4,229,000 is attributable to this portfolio at June 30, 2015.

The Commission warehouses mortgage-backed securities created by its single family homeownership programs. The warehoused securities have been funded by net position or through short-term FHLB advances. U.S. agency securities, which totaled $54,054,000 at June 30, 2015, are pledged as collateral for the short-term FHLB advances. There were warehoused mortgage-backed securities totaling $20,474,000 held at June 30, 2015.

The single family bond-financed programs generally require that mortgage loans be made to borrowers whose household income does not exceed the statewide or applicable metropolitan statistical area (MSA) median income, based on family size. For loans financed with tax-exempt bond proceeds, Section 143 of the Internal Revenue Code specifies certain requirements with respect to the nature of the residence, mortgage and eligibility of the borrower. These programs provide funding for mortgage loans that are FHA insured, VA guaranteed, USDA/RD guaranteed or Fannie Mae-qualified conventional loans.

The multifamily bond-financed programs provide long-term financing for rental housing developments for occupancy by families and persons of low and moderate incomes. The Commission has entered into a Risk Sharing Agreement with HUD, which permits the Commission to participate in HUD's Risk-Share Program. In accordance with the terms of this agreement, HUD will insure certain mortgage loans on rental housing developments (FHA-insured "Risk-Share Mortgage Loans") and the Commission will underwrite the Risk-Share Mortgage Loans following its underwriting guidelines. HUD will insure the Risk-Share Mortgage Loans and will bear 50% of the risk and the Commission will bear the remaining 50% of the risk. The Commission had Risk-Share Mortgage Loans totaling $148,440,000, representing 59 loans as of June 30, 2015.

The proceeds of multifamily and single family mortgage revenue bonds, as indicated in *Note 5*, as well as resources of the Commission's mortgage-backed security warehousing program were used to purchase GNMA, Fannie Mae and FHLMC certificates collateralized by mortgage loans approved in accordance with the guidelines of the Commission's mortgage programs. The financing periods of the pooled mortgage loans are 30 years. Mortgage-backed securities have repayments based on the underlying pooled mortgages and are subject to prepayment.

The fair value of the mortgage-backed securities is sensitive to changes in interest rates, which may result in large fluctuations in carrying value and investment earnings as reported. The mortgage-backed securities held have stated interest rates ranging from 2.50% to 8.30%, while the underlying mortgages have stated interest rates ranging from 3.0% to 8.8%.

GNMA, Fannie Mae and FHLMC certificates, which are included in mortgage investment balances, are presented in the statement of net position at fair value. The Commission's mortgage-backed securities are rated in the highest rating category by Moody's Investor Services (Aaa) and AA+ by Standard & Poor's. As of June 30, 2015, the par value of securitized mortgage loans consist of 90.1% GNMA, 9.1% Fannie Mae and 0.8% FHLMC certificates. All other loans included in mortgage investments are carried at cost. The following summarizes the carrying value and cost of mortgage investments (in thousands):

	Carrying Value	Cost
GNMA, Fannie Mae and FHLMC mortgage-backed securities	$ 741,521	$ 686,875
Other mortgage loans	557,103	557,103
Total mortgage investments	$ 1,298,624	$ 1,243,978

5. Bonds Payable and Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2015 (in thousands):

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Amount Due Within One Year
Operating Fund	$ —	$ 709,802	$ (684,178)	$ 25,624	$ 19,729
Multifamily Bond-Financed Program (2000 Indenture)	155,679	—	(45,334)	110,345	3,212
Multifamily Bond-Financed Program (2014 Indenture)	23,699	12,120	(616)	35,203	946
Other Multifamily Bond-Financed Programs (Conduit Debt)	74,708	—	(1,269)	73,439	1,277
Homeownership Bond-Financed Program (1995 Indenture)	258,668	—	(111,891)	146,777	3,388
Special Homeownership Bond-Financed Program (2009 Indenture)	393,161	90,579	(55,987)	427,753	13,797
First Place Homeownership Bond-Financed Program (2015 Indenture)	—	60,000	—	60,000	1,910
Total bonds and notes payable	905,915	872,501	(899,275)	879,141	44,259
Unamortized premium and discount, net	9,438	4,646	(4,074)	10,010	1,201
Total bonds and notes payable, net	915,353	877,147	(903,349)	889,151	45,460
Unearned revenue	9,765	1,873	(1,710)	9,928	1,286
Total long-term debt and other obligations	$ 925,118	$ 879,020	$ (905,059)	$ 899,079	$ 46,746

The net proceeds of bond issues are used to provide financing for multifamily bond financed housing projects or for homeownership residential housing units. The bond proceeds are deposited with and invested by various bank trust departments in qualified investments until required for such financing. These bonds are obligations of the Commission and are not liabilities of the state of Missouri. A summary of bonds payable outstanding at June 30, 2015 follows (in thousands), including the applicable calendar date reference for future maturities or final redemption:

	Original Amount Authorized	Outstanding
Multifamily Bond - Financed Program (2000 Indenture)		
2003 Series 8 Stratford Commons (4.35% to 5.20%), due 2014 - 2035	$ 4,385	$ 1,845
2004 Series 5 FP-San Remo Apts. (4.75% to 5.45%), due 2015 - 2036	3,785	1,955
2005 Series 3 Olde Oak Tree & Landmark Towers (4.15% to 4.80%), due 2016- 2036	6,520	5,085
2005 Series 4 Park Place Apts. (4.10% to 4.70%), due 2014 - 2037	10,330	8,650
2005 Series 5 Hawkins Village Apts. (4.35% to 5.00%), due 2014 - 2042	5,335	4,685
2005 Series 6 Ivanhoe Gardens Apts. (4.25% to 4.875%), due 2014 - 2036	4,240	2,215
2006 Series 1 Meadow Ridge Townhouses (4.30% to 5.00%), due 2014 - 2037	6,360	2,310
2006 Series 3 Eureka & Wendell Apts. (4.30% to 5.00%), due 2014 - 2047	3,165	2,920
2006 Series 4 Justin Place Apts. (4.5% to 5.00%), due 2014 - 2042	5,640	2,035
2006 Series 5 Metropolitan Village Apts. (4.5% to 5.00%), due 2014 - 2038	5,960	5,205
2007 Series 1 Linden Campus Apts. (4.10% to 4.70%), due 2014 - 2048	3,980	1,855
2009 Series 1 Courthouse Apts. (3.00% to 5.25%), due 2015 - 2042	18,940	5,510
2010 Series 1 Basie Court Apts. (1.40% to 4.50%), due 2014 - 2042	4,967	1,407
2010 Series 2 Samantha Heights Apts. (1.75% to 4.75%), due 2014 - 2042	8,610	5,990
2010 Series 3 Wesley Senior Towers Apts. (1.85% to 5.125%), due 2014- 2042	5,395	2,755
2010 Series 4 Lucas Heights Apts. (2.85% to 5.40%), due 2016 - 2042	8,175	3,425
2010 Series 5 Grandview Estates (2.85% to 5.25%), due 2016 - 2042	3,531	978
2012 Series 1 Refunding Bonds (.70% to 4.25%), due 2014-2038	42,740	24,355
2013 Series 1 Friendship Village (.75% to 3.75%), due 2014 - 2045	6,555	3,270
2013 Series 2 Refunding Bonds (.45% to 4.65%), due 2014-2040	15,560	14,770
2013 Series 3 Shepard Apts. (1.0% to 5.0%), due 2015-2045	12,030	7,330
2013 Series 4 House Springs Apts. (1.0% to 5.0%) due 2014-2045	2,555	1,795
	188,758	110,345
Less: Unamortized debt discount	—	(72)
Add: Unamortized debt premium	—	439
	188,758	110,712
Multifamily Bond - Financed Program (2014 Indenture)		
2014 Series 1 Refunding Bonds (4.2%), due 2040	$ 23,742	$ 23,124
2015 Series 1 Refunding Bonds (3.75%), due 2042	12,120	12,079
	35,862	35,203
Other Multifamily Bond - Financed Programs (Conduit Debt)		
Series 1999 O'Fallon Place Apts. (5.00% to 5.25%), due 2015 - 2032*	$ 6,710	$ 4,900
Series 1999 East Hills Village Apts. (7.30%), due 2030	2,750	2,160
Series 2004 Bridgeport Apts. (6.60%), due 2041	6,580	6,033
2005 Series I-A and I-B Lakewood Apts. (5.25%), due 2035*	2,750	1,220
2005 Series II Chapel Ridge of St. Joseph (6.30%), due 2047	7,150	6,373
2005 Series III Chapel Ridge of Union (6.40%), due 2047	6,375	5,862
2005 Series IV Chapel Ridge of Blue Springs (6.40%), due 2047	9,800	9,063
2006 Series I Bainbridge Apts. (5.75%), due 2016 - 2048	15,046	3,805
Total Forward	57,161	39,416

	Original Amount Authorized	Outstanding
Total Forward	$ 57,161	$ 39,416
Other Multifamily Bond - Financed Programs (Conduit Debt) *(Continued)*		
2006 Series II Georgian Court Apts. (5.75%), due 2016 - 2048	8,721	1,926
2006 Series III Linda Vista Apts. (5.75%), due 2016 - 2048	5,329	931
2006 Series V Lost Tree South Apts. (6.244%), due 2026	4,400	2,768
2006 Series VII Cedar Tree Apts. (5.73%), due 2026	2,500	1,652
2006 Series VIII Elmwood Estates Apts. (5.73%), due 2026	3,200	2,522
2006 Series IX Catalpa Tree Apts. (5.73%), due 2026	1,800	1,230
2006 Series X Center Apts. (5.73%), due 2026	1,900	1,143
2007 Series I Park Ridge Apts. (5.665%), due 2039	12,000	9,182
2007 Series II Mexico I Apts. (5.88%), due 2026	1,100	616
2007 Series III Princeton Manor Apts. (variable rate), due 2027	2,152	1,501
2007 Series IV Oakwood Terrace Apts. (variable rate), due 2027	970	740
2007 Series V Westside Apts. (variable rate), due 2027	2,400	827
2007 Series VI Longfellow Apts. (variable rate), due 2040	6,400	2,515
2011 Series I Brookstone Village (6.00%), due 2021	6,800	6,470
	116,833	73,439
Total Multifamily Bond - Financed Programs	341,453	219,354
Homeownership Bond – Financed Program (1995 Indenture)		
2006 Series A (4.20% to 6.00%), due 2014 - 2037*	$ 50,000	$ 6,120
2006 Series B (4.20% to 6.05%), due 2014 - 2037*	100,000	12,725
2006 Series C (4.30% to 5.90%), due 2014 - 2037*	60,000	7,695
2006 Series D (4.95% to 6.15%), due 2014 - 2037*	70,000	6,925
2006 Series E (5.60% to 5.88%), due 2037*	40,000	5,570
2007 Series A (4.625% to 6.00%), due 2014 - 2038*	50,000	7,305
2007 Series B (5.05% to 5.78%), due 2038*	35,000	6,000
2007 Series C (4.70% to 6.25%), due 2014 - 2038*	100,000	15,555
2007 Series D (4.70% to 6.38%), due 2014 - 2038*	50,000	6,815
2007 Series E (5.00% to 5.60%), due 2014 - 2038*	66,000	8,605
2008 Series A (3.70% to 5.70%), due 2014 - 2039*	50,000	8,255
2008 Series B (4.70% to 5.75%), due 2014 - 2034*	65,000	6,705
2008 Series C-1 (5.615%), due 2039*, **	8,000	1,237
2008 Series C-2 (4.48%), due 2039*, **	12,000	1,701
2008 Series C-3 (5.24%), due 2039*, **	10,000	1,883
2008 Series C-4 (5.06%), due 2039*, **	10,000	2,800
2009 Series A (3.10% to 5.35%), due 2014 - 2039*	30,000	7,535
2009 Series B-1 (4.63%), due 2040*, **	10,000	2,181
2009 Series B-2 (4.64%), due 2040*, **	5,000	1,815
2009 Series C (2.65% to 5.00%), due 2014 - 2036*	40,000	12,145
2009 Series D (2.10% to 4.80%), due 2014 - 2040*	45,000	17,205
	906,000	146,777
Less: Unamortized debt discount	—	(13)
Add: Unamortized debt premium	—	2,570
	906,000	149,334
Special Homeownership Bond - Financed Program (2009 Indenture)		
2009 Series E-1 (2.00% to 5.00%), due 2014 - 2041*	$ 100,000	$ 14,610
2009 Series E-2 (1.60% to 4.50%), due 2014 - 2041*	100,000	18,150
2009 Series E-3 (1.60% to 4.625%), due 2014 - 2041*	100,000	22,100
Total Forward	300,000	54,860

	Original Amount Authorized	Outstanding
Total Forward	$ 300,000	$ 54,860
Special Homeownership Bond - Financed Program (2009 Indenture) *(Continued)*		
2009 Series E-4 (1.10% to 4.25%), due 2014 - 2041*	100,000	76,240
2009 Series E-5 (2.53%) due 2041*	30,000	26,295
2013 Series A (2.65%) due 2040*	45,220	31,710
2013 Series B (2.65%) due 2041*	54,010	41,105
2013 Series D (2.55%) due 2034*	44,924	27,505
2013 Series C (2.65%) due 2040*	47,840	36,800
2014 Series A (.25% to 4.00%), due 2015 - 2041*	50,000	48,460
2014 Series B (.20% to 4.00%), due 2015 - 2040*	50,000	48,450
2014 Series C (2.97%), due 2036*	40,579	36,328
	762,573	427,753
Add: Unamortized debt premium	—	5,139
	762,573	432,892
First Place Homeownership Bond - Financed Program (2015 Indenture)		
2015 Series A (.30% to 3.75%), due 2015 - 2038*	$ 60,000	$ 60,000
	60,000	60,000
Add: Unamortized debt premium	—	1,947
	60,000	61,947
Total Single Family Bond - Financed Programs	1,728,573	644,173
Total bonds payable, net	$ 2,070,026	$ 863,527

The proceeds of bond issues denoted by "*" are used to purchase GNMA, Fannie Mae and FHLMC mortgage-backed securities, which are backed by mortgage loans originated through the Commission's loan programs.

The bond issues denoted by "**" are general obligation bonds. All other bond issues are revenue bonds and conduit debt.

The proceeds of the Conduit Debt bond issues are used to provide financing for multifamily rental housing projects. These bonds are limited obligation, conduit debt issued by the Commission, payable solely from and secured by a loan agreement between the Commission and the borrower.

During the fiscal year ended June 30, 2015, the Commission repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds. Net gains of $1,641,000 for the year ended June 30, 2015 on early extinguishment of debt have been recorded and included with other income. These gains arise as a result of immediate recognition of bond premiums, net of immediate recognition of bond discounts, that would have been amortized over the life of the applicable bond issue if not retired and net of call premiums as required by the applicable bond indentures.

Bond Refundings

During fiscal year 2015 the Commission issued Taxable Single Family Mortgage Revenue Refunding Bonds 2014 Series C in the aggregate amount of $40,579,000. The proceeds of the refunding bonds were used to refund the outstanding Single Family Mortgage Revenue Bonds 2005 Series A, B, C and D. The refunding resulted in a difference between the reacquisition price and the net carrying amount of approximately $627,000. This difference, reported in the accompanying financial statements as deferred inflows of resources, is being recognized in operations through the year 2036 using the bonds outstanding method. The Commission completed the advance refunding to decrease its total debt service payments over the next 21 years by approximately $5,070,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $3,527,000.

In addition, during fiscal year 2015 the Commission issued Taxable Multifamily Housing Refunding Revenue Bonds 2015 Series 1 in the aggregate amount of $12,120,000. The proceeds of the refunding bonds were used to refund the outstanding Multifamily Housing Revenue Bonds 2004 Series 6 and 2005 Series 1 and 2. The refunding resulted in no difference between the reacquisition price and the net carrying amount of refunded debt. The Commission completed the advance refunding to decrease its total debt service payments over the next 27 years by approximately $2,035,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $1,337,000.

Bond Maturities

All bonds have early redemption provisions. A summary of future annual scheduled principal and interest maturities, which excludes unamortized debt discounts and premiums, follows (in thousands):

Bonds Maturing During Years Ending June 30,	Principal	Interest	Total
2016	$ 24,530	$ 28,034	$ 52,564
2017	22,321	27,633	49,954
2018	23,198	27,072	50,270
2019	24,926	26,430	51,356
2020	24,863	25,714	50,577
2021 - 2025	146,618	115,341	261,959
2026 - 2030	184,593	86,001	270,594
2031 - 2035	204,591	51,249	255,840
2036 - 2040	172,074	17,044	189,118
2041 - 2045	23,881	1,411	25,292
2046 - 2050	1,922	53	1,975
	$ 853,517	$ 405,982	$ 1,259,499

In addition to bonds payable, the Commission utilizes short-term FHLB advances. There were advances totaling $19,729,000 outstanding at June 30, 2015. The short-term FHLB advances included rollover financings of $576,583,000 in fiscal year 2015. The principal and interest on the short-term FHLB advances is payable at maturity as follows (in thousands):

Maturity Date	Interest Rate	Principal	Interest	Total
2015	0.29%	$ 19,729	$ 3	$ 19,732

During the current year, in conjunction with an initial Risk-Share claim, the Commission executed a debenture payable to HUD totaling $5,895,000, which was outstandng at June 30, 2015. Interest at 4.875% is payable annually. The principal and any accrued and unpaid interest is payable at the earlier of maturity in 2020, reinstatement of the Risk-Share mortgage insurance, or final claim settlement.

6. Escrow Deposits and Rent Subsidies Payable

Escrow deposits represent funds paid by project mortgagees for real estate taxes, insurance, future replacement of property and other costs.

Rent subsidies payable represent funds received from HUD for payment of rent subsidies to participants in the housing assistance programs and for other programs.

Such funds held by the Commission are included in restricted cash, restricted cash equivalents and restricted investments.

7. Restrictions and Designations

Restricted Cash and Investments

Substantially all of the assets of each bond program of the Commission are pledged as collateral for the payment of principal and interest on bond indebtedness of that program. Therefore, all related bond program assets of the Commission that are pledged as collateral are treated as restricted and noncurrent. The obligations of the Commission are not obligations of the State, and the State is not liable for such obligations. The trust indentures between the Commission and the trustees establish special accounts for the segregation of assets and restrictions on the use of bond proceeds and certain other funds received.

Resolutions of the Commission require that, to the extent funds are available in the general account of each bond fund, they are to be transferred to a debt service account on a periodic basis, from the date of bond issuance to the date of each succeeding maturity, sufficient to make principal and interest payments on the bonds as they become due. Funds within the general account of each bond fund are on deposit in restricted accounts.

The statute and resolutions of the Commission require that for certain bond issues an amount be maintained in reserve accounts to be used to make principal and interest payments on payment due dates. Such amounts are on deposit in restricted accounts for the various issues within the multifamily and single family mortgage revenue bond programs.

In addition, cash and investments held associated with federal grant agreements and mortgage loan escrow agreements are restricted. Pursuant to state statute, the Commission has also restricted cash and investments held for the Missouri Housing Trust Fund.

As of June 30, 2015, the assets of all accounts satisfied the requirements as established by the trust indentures, applicable agreements and state statute. Such assets are restricted as follows (in thousands):

Program and Construction Funds - construction escrows and other restricted funds	$ 66,487
Mortgage Escrow Accounts - insurance, taxes, replacement reserves and other mortgage escrows	102,890
Federal Program Funds	1,529
Missouri Housing Trust Fund	3,950
Bond Proceeds Accounts - funds for purchase of qualified mortgage-backed securities or mortgage loans and payment of costs of issuance	11,410
Revenue and Debt Service Funds - program revenues for debt services payments	44,958
Debt Service and Other Bond Reserve Accounts - reserves held as required by bond indentures, including: debt service reserves, mortgage reserves and capitalized interest	56,111
	$ 287,335

Restricted Net Position

Pursuant to certain bond resolutions, the Commission has restricted the net position of the multifamily and single family mortgage revenue bond programs to maintain a level of reserves necessary to provide sound fiscal operations. U.S. agency securities are pledged as collateral for short-term FHLB advances. In addition, net position associated with the federal grant agreements of the HOME Investment Partnership Program and Tax Credit Assistance Program (TCAP) are restricted. In fiscal year 1997, the Commission acquired a portfolio of loans from HUD. Revenues collected from these HUD-purchased loans are restricted by an agreement between the Commission and HUD to be used primarily for rehabilitation loans or grants.

Pursuant to state statute, the Commission has restricted the amount of net position representing revenues over expenses related to the financial activity of the Missouri Housing Trust Fund. Revenues of the Missouri Housing Trust Fund are restricted to programs that financially assist, through loans or grants, the development of housing stock and that provide housing assistance to persons and families with incomes at or below specified levels.

Below is a summary of restricted net position by bond resolution and state statute as of June 30, 2015 (in thousands):

Restricted Net Position	
Restricted by bond resolution	$ 182,598
Restricted by collateral custodial agreement - FHLB	54,054
Restricted by Grant Agreement - HOME Investment Partnership Program	203,215
Restricted by Grant Agreement - TCAP	30,504
Restricted earnings of HUD-purchased Loans	10,532
Restricted by State Statute - Missouri Housing Trust Fund	3,858
Total Restricted Net Position	$ 484,761

Commission Designated Net Position

The Commission has designated certain unrestricted net position for its affordable housing programs. The Commission has the discretion to reverse any designated net position and as of June 30, 2015, has designated the following amounts (in thousands):

Designated by Commission for:	
Tenant assistance	$ 4,736
Loans not funded by a bond sale	82,556
Loan and other commitments not yet disbursed	26,044
Home Improvement and Multifamily Interest Subsidy Program	4,900
Single Family Homeownership Program	20,000
Single Family Cash Assistance Program	21,500
Emergency Solutions Grant Program	275
Rural Initiative Program	940
Total Commission Designated Net Position	$ 160,951

8. Pension Plan

General Information about the Pension Plan

Plan description. Benefit eligible employees of the Commission are provided with pensions through MOSERS - a cost-sharing multiple-employer defined benefit pension plan. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related Commission employees. MOSERS issues an annual Comprehensive Annual Financial Report (CAFR), a publicly available financial report that can be obtained at www.mosers.org.

Benefits provided. MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR starting on page 30.

Contributions. Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP 2011 Plan are required to contribute 4.0 percent of their annual pay. The Commission's required contribution rate for the year ended June 30, 2015, was 16.97 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS plan year ended June 30, 2014 was 16.98 percent, which is the year of measurement for the net pension liability. Contributions to the pension plan from the Commission were $993,000 for the year ended June 30, 2014.

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

At June 30, 2015, the Commission reported a liability of $7,178,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Commission's proportion of the net pension liability was based on the Commission's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2014. At June 30, 2014, the Commission's proportion was .3044%, which remained unchanged from the percentage used to allocate the liability as of June 30, 2013, since this was the initial implementation year.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2014 that affected the measurement of total pension liabilty.

For the year ended June 30, 2015, the Commission recognized pension expense of $675,000. At June 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 28	$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	2,093
Changes in proportion and differences between Commission contributions and proportionate share of contributions	—	—
Commission contributions subsequent to the measurement date of June 30, 2014	994	—
Total	$ 1,022	$ 2,093

$994,000 was reported as deferred outflows of resources related to pensions which result from Commission contributions subsequent to the measurement date. These contributions will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the Commission's fiscal year following MOSERS' fiscal year as follows (in thousands):

Plan Year Ending June 30:	Amount
2016	$ 513
2017	514
2018	515
2019	523
	$ 2,065

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation, which is also the date of measurement for financial reporting purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent, approximate
Salary increases	3.0 to 5.9 percent annually, average, including inflation
Investment return of return	8.0 percent per year, compounded annually, net after investment expenses and including inflation

Mortality rates were based on the RP-2000 combined healthy mortality table projected to 2016 with Scale AA. The pre-retirement mortality rates used were 100% of the post-retirement mortality rates for males and 80% of the post-retirement mortality for females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2011. As a result of the 2011 actuarial experience study, the MOSERS Board made various demographic assumption changes to more closely reflect actual experience. The most significant change was lowering the assumed annual investment rate of return from 8.5 percent to 8 percent.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates rates 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. Best estimates of geometric real rates of return for each major asset class included in MOSERS target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Policy Allocation	Long-term Expected Real Rate of Return *	Weighted Average Long-Term Expected Real Rate of Return
Beta Balanced	76.6%	5.7	4.4%
Illiquids **	19.2%	7.3	1.4%
Old Portfolio ***	4.2%	6.0	0.2%
	100.0%		6.0%

* Represent best estimates of geometric rates of return for each major asset class included.

** Illiquid portfolio upper limit of 27.5% of capital, no new commitments past 23%.

*** As of June 30, 2014, MOSERS was in the final stages of transitioning from a portfolio allocation consisting of 45% public equities, 30% public debt, and 25% alternative investments (old portfolio) to a new target allocation of 80% beta-balanced and 20% illiquids.

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Commisson's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Commission's proportionate share of net pension liability (in thousands)	$ 11,133	$ 7,178	$ 3,841

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS financial report.

Payables to the Pension Plan

As of June 30, 2015, the Commission had payables of $42,000 to MOSERS included as a component of accrued liabilities due to contribution obligations related to compensation incurred prior to the fiscal year end.

9. Other Postemployment Benefits

In addition to the retirement benefits described in *Note 8*, the state of Missouri provides postemployment health care and life insurance benefits, in accordance with state statutes, to eligible Commission employees who retire and elect to participate. These health care benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP). This plan is a single-employer defined benefit plan in which the Commission participates under a special cost-sharing multiple employer arrangement. MCHCP issues a publicly available financial report that includes financial statements and required supplementary information for MCHCP. That report may be obtained by writing to the Missouri Consolidated Health Care Plan, 832 Weathered Rock Court, P.O. Box 104355, Jefferson City, Missouri 65110-4355, or on their website at www.mchcp.org. There are currently seventeen Commission retirees enrolled for health care benefits. The life insurance benefits are administered by the Missouri State Employees' Retirement System (MOSERS). The eligible number of retirees for MOSERS for life insurance benefits is 65. Health care benefits are funded through both employer and retiree contributions. MOSERS' life insurance benefits are funded through employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For each year of retirees' service, the State will pay 2.5% of the monthly health care premium, up to a maximum of 65%, subject to State appropriation. The retiree pays the balance of the premiums. To fund the State's portion, during fiscal year 2015, the State assessed a charge that ranged from 3.04% to 4.39% of total employee salary to the Commission. The charge assessed is independent of how many retirees the Commission may have receiving benefits. Expenses for postretirement health care benefits charged to the Commission by the State are recognized when incurred. During fiscal years 2015, 2014 and 2013 expenses of approximately $204,000, $195,000, and $219,000 were recognized for postretirement health care benefits, respectively, which represent 100% of the required amount.

10. Commitments, Contingencies and Concentrations

Leases

The Commission rents office space in Kansas City, Missouri, in accordance with a 10-year lease. In addition, the Commission leases office space in St. Louis, Missouri in accordance with a 10-year lease. These leases are accounted for as operating leases.

Lease expenditures for the year ended June 30, 2015 was $835,000. Future minimum lease payments for these leases are as follows (in thousands):

Year	Amount
2016	$ 620
2017	336
2018	310
2019	310
2020	310
2021-2025	1,420
	$ 3,306

Federal Programs

The Commission participates in various federal grant programs, primarily with HUD. In addition to an annual financial audit, the Commission is also subject to program audits, as deemed necessary by its federal grantor agencies that may result in disallowed costs to the Commission. The Commission's management does not believe such audits would result in any disallowed costs that would be material to the Commission's financial position at June 30, 2015.

Litigation

From time to time, the Commission may be a defendant in legal actions related to its programs and operations. While the final outcomes of these legal actions vary, management is of the opinion that the ultimate liability, if any, will not have a material effect on the Commission's financial position.

Other

The Commission is the administrator of the Project-Based Section 8 program in the State. This contract, which terminates June 30, 2016, resulted in $139,608,000 in housing assistance payment revenue and expense activity for the fiscal year ended June 30, 2015. HUD may extend the current contract and is expected to competitively bid this program administration at a future time for which the Commission plans to submit an application.

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Commission carries commercial insurance. In addition, the Commission carries commercial insurance for workers' compensation. The Commission retains risk of loss; however, there have been no settlements which exceeded insurance coverage in the last three years.

The Commission has committed to mortgage loans funded by the operating fund net position of $43,432,000 that have not been disbursed as of June 30, 2015.

11. Subsequent Events

In April 2015 the Commission authorized Taxable Multifamily Housing Refunding Revenue Bonds 2015 Series 2 to provide funds to refund Multifamily Housing Revenue Bonds Series 2005 Series 3 and 4. In accordance with this authorization, bonds totaling $13,654,000 were sold and delivered in July 2015. The outstanding 2005 Series 3 and 4 bonds were fully redeemed August 1, 2015.

In May 2015 the Commission authorized Single Family Mortgage Revenue Bonds 2015 Series B to provide funding for the Commission's First Place Homeownership Program and to provide funds to refund the Single Family Mortgage Revenue Bonds 2006 Series A, B and C. In accordance with this authorization, bonds totaling $73,090,000 were sold and delivered in August 2015. The outstanding 2006 Series A, B and C bonds were fully redeemed September 1, 2015.

12. Future Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this statement is to enhance comparability of governmental financial statements by requiring fair value measurements on a government's financial position. This statement will be effective for the Commission's fiscal year ending June 30, 2016. The Commission anticipates adoption of this statement will have no impact to its financial position, although the Commission expects it will result in enhanced financial statement disclosures related to fair value reporting.

In June 2015, the GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which will require governments providing defined benefit other postemployment benefits (OPEB) plans to recognize their long-term obligation for benefits as a liability for the first time, and will expand required disclosures. This statement will be effective for the Commission's fiscal year ending June 30, 2018. The Commission has not yet determined the effect that the adoption of this Statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). This statement will be effective for the Commission's fiscal year ending June 30, 2016.

Required Supplementary Information

SCHEDULES OF SELECTED PENSION INFORMATION
MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
June 30, 2015
(In Thousands)

Schedule of Commission's Proportionate Share of the Net Pension Liability

Commission's proportion of the net pension liability	0.3044%
Commission's proportionate share of the net pension liability	$ 7,178
Commission's covered-employee payroll	$ 5,481
Commission's proportionate share of net pension liability as a percentage of its covered-employee payroll	130.96%
Plan fiduciary net position as a percentage of the total pension liability	79.49%

Schedule of Commission's Contributions

Required contribution	$ 993
Contributions in relation to the required contribution	$ 993
Contribution deficiency	—
Commission's covered-employee payroll	$ 5,481
Contributions as a percentage of covered-employee payroll	18.13%

Notes:

Above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Information provided is based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

Changes of Benefit Terms or Assumptions

There were no changes to benefit terms in the plan or changes to assumptions in valuation reports for the year ended June 30, 2014.

Supplementary Information

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF NET POSITION
June 30, 2015
(In Thousands)

		Bond-Financed Programs		
	Operating	**Multifamily**	**Single Family**	**Total**
Assets				
Current Assets				
Cash and cash equivalents	$ 10,360	$ —	$ —	$ 10,360
Investments	9,483	—	—	9,483
Mortgage investments	6,837	—	—	6,837
Accrued interest receivable	2,485	—	—	2,485
Accounts receivable - other	763	—	—	763
Prepaid expenses	76	—	—	76
Total Current Assets	30,004	—	—	30,004
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	10,477	12,988	88,830	112,295
Investments	164,379	7,981	2,680	175,040
Mortgage investments	233,723	218,012	720,757	1,172,492
Accrued interest receivable	501	754	2,609	3,864
Accounts receivable - other	50	—	—	50
Total Restricted Assets	409,130	239,735	814,876	1,463,741
Investments	183,981	—	—	183,981
Accounts receivable - other	66	—	—	66
Mortgage investments, net of current portion and allowances for loan losses of $42,965	76,330	—	—	76,330
Capital assets, less accumulated depreciation of $4,156	674	—	—	674
Total Noncurrent Assets	670,181	239,735	814,876	1,724,792
Total Assets	700,185	239,735	814,876	1,754,796
Deferred Outflows of Resources				
Refunding of Debt	—	10	—	10
Pension	1,022	—	—	1,022
Total Deferred Outflows of Resources	1,022	10	—	1,032

COMBINING STATEMENT OF NET POSITION
June 30, 2015
(In Thousands)

	Operating	Bond-Financed Programs Multifamily	Bond-Financed Programs Single Family	Total
Liabilities				
Current Liabilities				
FHLB advance payable	$ 19,729	$ —	$ —	$ 19,729
Accrued interest payable	134	—	—	134
Accounts payable	1,709	—	—	1,709
Unearned revenue	1,286	—	—	1,286
Total Current Liabilities	22,858	—	—	22,858
Current Liabilities - Payable from Restricted Assets				
Bonds and notes payable	—	5,479	20,252	25,731
Accrued interest payable	—	2,441	4,354	6,795
Escrow deposits	106,489	—	—	106,489
Rent subsidies and other payables	324	—	—	324
Accounts payable	154	—	81	235
Total Current Liabilities - Payable from Restricted Assets	106,967	7,920	24,687	139,574
Noncurrent Liabilities				
Bonds and notes payable	5,895	—	—	5,895
Pension	7,178	—	—	7,178
Unearned revenue	8,642	—	—	8,642
Payable from restricted assets				
Bonds and notes payable	—	213,875	623,921	837,796
Total Noncurrent Liabilities	21,715	213,875	623,921	859,511
Total Liabilities	151,540	221,795	648,608	1,021,943
Deferred Inflows of Resources				
Refunding of Debt	—	—	1,620	1,620
Pension	2,093	—	—	2,093
Total Deferred Inflows of Resources	2,093	—	1,620	3,713
Net Position				
Net investment in capital assets	674	—	—	674
Restricted	302,163	17,950	164,648	484,761
Unrestricted, including designated balances	244,737	—	—	244,737
Total Net Position	$ 547,574	$ 17,950	$ 164,648	$ 730,172

COMBINING STATEMENT OF NET POSITION
MULTIFAMILY BOND - FINANCED PROGRAMS
June 30, 2015
(In Thousands)

	Multifamily (2000 Indenture)	Multifamily (2014 Indenture)	Other Multifamily (Conduit Debt)	Total
Assets				
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	$ 10,660	$ 2,328	$ —	$ 12,988
Investments	6,100	1,881	—	7,981
Mortgage investments	109,441	35,132	73,439	218,012
Accrued interest receivable	571	183	—	754
Total Noncurrent Assets	126,772	39,524	73,439	239,735
Total Assets	126,772	39,524	73,439	239,735
Deferred Outflows of Resources				
Refunding of Debt	—	10	—	10
Total Deferred Outflows of Resources	—	10	—	10
Liabilities				
Current Liabilities - Payable from Restricted Assets				
Bonds and notes payable	3,256	946	1,277	5,479
Accrued interest payable	2,322	119	—	2,441
Total Current Liabilities - Payable from Restricted Assets	5,578	1,065	1,277	7,920
Noncurrent Liabilities				
Bonds and notes payable	107,456	34,257	72,162	213,875
Total Noncurrent Liabilities	107,456	34,257	72,162	213,875
Total Liabilities	113,034	35,322	73,439	221,795
Net Position				
Restricted	13,738	4,212	—	17,950
Total Net Position	$ 13,738	$ 4,212	$ —	$ 17,950

COMBINING STATEMENT OF NET POSITION
SINGLE FAMILY BOND - FINANCED PROGRAMS
June 30, 2015
(In Thousands)

	Homeownership (1995 Indenture)	Special Homeownership (2009 Indenture)	First Place Homeownership (2015 Indenture)	Total
Assets				
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	$ 60,707	$ 15,210	$ 12,913	$ 88,830
Investments	2,680	—	—	2,680
Mortgage investments	191,499	467,376	61,882	720,757
Accrued interest receivable	843	1,539	227	2,609
Total Noncurrent Assets	255,729	484,125	75,022	814,876
Total Assets	255,729	484,125	75,022	814,876
Liabilities				
Current Liabilities - Payable from Restricted Assets				
Bonds and notes payable	3,694	14,414	2,144	20,252
Accrued interest payable	2,391	1,757	206	4,354
Accounts payable	81	—	—	81
Total Current Liabilities - Payable from Restricted Assets	6,166	16,171	2,350	24,687
Noncurrent Liabilities				
Payable from restricted assets				
Bonds and notes payable	145,640	418,478	59,803	623,921
Total Noncurrent Liabilities	145,640	418,478	59,803	623,921
Total Liabilities	151,806	434,649	62,153	648,608
Deferred Inflows of Resources				
Refunding of Debt	—	1,620	—	1,620
Total Deferred Inflows of Resources	—	1,620	—	1,620
Net Position				
Restricted	103,923	47,856	12,869	164,648
Total Net Position	$ 103,923	$ 47,856	$ 12,869	$ 164,648

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2015
(In Thousands)

	Operating	Bond-Financed Programs Multifamily	Bond-Financed Programs Single Family	Total
Operating Revenues				
Interest and investment income				
Income - mortgage investments	$ 6,552	$ 8,375	$ 30,868	$ 45,795
Income - investments	5,407	300	329	6,036
Net increase (decrease) in fair value of investments	307	138	(856)	(411)
Total interest and investment income	12,266	8,813	30,341	51,420
Administration fees	5,633	—	—	5,633
Other income	6,611	(28)	1,671	8,254
Federal program income	151,932	—	—	151,932
Total Operating Revenues	176,442	8,785	32,012	217,239
Operating Expenses				
Interest expense on bonds	138	6,491	22,456	29,085
Bond debt expense	73	268	1,829	2,170
Compensation	8,395	—	—	8,395
General and administrative expenses	4,574	—	—	4,574
Rent and other subsidy payments	2,447	—	—	2,447
Housing Trust Fund grants	3,873	—	—	3,873
Federal program expenses	146,817	—	—	146,817
Total Operating Expenses	166,317	6,759	24,285	197,361
Change in Net Position	10,125	2,026	7,727	19,878
Net Position - Beginning of Year, as Restated	529,048	19,170	162,076	710,294
Interfund Transfers	8,401	(3,246)	(5,155)	—
Net Position - End of Year	$ 547,574	$ 17,950	$ 164,648	$ 730,172

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MULTIFAMILY BOND - FINANCED PROGRAMS
For The Year Ended June 30, 2015
(In Thousands)

	Multifamily (2000 Indenture)	Multifamily (2014 Indenture)	Other Multifamily (Conduit Debt)	Total
Operating Revenues				
Interest and investment income				
Income - mortgage investments	$ 6,904	$ 1,471	$ —	$ 8,375
Income - investments	242	58	—	300
Net increase (decrease) in fair value of investments	(7)	145	—	138
Total interest and investment income	7,139	1,674	—	8,813
Other income	(28)	—	—	(28)
Total Operating Revenues	7,111	1,674	—	8,785
Operating Expenses				
Interest expense on bonds	5,388	1,103	—	6,491
Bond debt expense	85	183	—	268
Total Operating Expenses	5,473	1,286	—	6,759
Change in Net Position	1,638	388	—	2,026
Net Position - Beginning of Year	15,732	3,438	—	19,170
Interfund Transfers	(3,633)	387	—	(3,246)
Net Position - End of Year	$ 13,737	$ 4,213	$ —	$ 17,950

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SINGLE FAMILY BOND - FINANCED PROGRAMS
For The Year Ended June 30, 2015
(In Thousands)

	Homeownership (1995 Indenture)	Special Homeownership (2009 Indenture)	First Place Homeownership (2015 Indenture)	Total
Operating Revenues				
Interest and investment income				
Income - mortgage investments	$ 12,523	$ 18,015	$ 330	$ 30,868
Income - investments	326	3	—	329
Net increase (decrease) in fair value of investments	(9,703)	4,608	4,239	(856)
Total interest and investment income	3,146	22,626	4,569	30,341
Other income	1,226	445	—	1,671
Total Operating Revenues	4,372	23,071	4,569	32,012
Operating Expenses				
Interest expense on bonds	9,885	12,378	193	22,456
Bond debt expense	143	1,062	624	1,829
Total Operating Expenses	10,028	13,440	817	24,285
Change in Net Position	(5,656)	9,631	3,752	7,727
Net Position - Beginning of Year	125,372	36,704	—	162,076
Interfund Transfers	(15,793)	1,521	9,117	(5,155)
Net Position - End of Year	$ 103,923	$ 47,856	$ 12,869	$ 164,648