MISSOURI HOUSING DEVELOPMENT COMMISSION

INDEPENDENT AUDITORS' REPORT

AND FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Missouri Housing Development 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, 2017 and 2016, 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.

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 4 through 14 and 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 Missouri Housing Development 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 13, 2017

Management's discussion and analysis provides an overview of the financial activities of the Missouri Housing Development Commission (Commission) and its financial performance for the fiscal years ended June 30, 2017 and 2016. Please read it in conjunction with the Commission's financial statements and accompanying notes.

Introduction - Missouri Housing Development Commission

The Missouri Housing Development 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 self-supporting and does not draw upon the general taxing authority of the State. The Commission secures resources through the sale of 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 Partnerships 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 basic financial statements, including notes to the financial statements; and required and other supplementary information. The basic financial statements include the statement of net positon, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. 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.

2017 Financial Highlights

- Total assets were $1.9 billion, an increase of 1.1% from June 30, 2016. The growth in assets primarily reflects an increase in single family mortgage investments for which new production exceeded loan paydowns, prepayments and mortgage asset sales.

- Fiscal year 2017 mortgage investment purchases and originations totaled $252.4 million as compared to $259.1 million in fiscal year 2016. Proceeds from the sale of mortgage assets and principal repayments on mortgage assets totaled $194.4 million in fiscal year 2017 as compared to $140.7 million in fiscal year 2016.

- Revenue bonds issued totaled $217.4 million in fiscal year 2017 and totaled $219.1 million in fiscal year 2016.

- Total revenues were $198.2 million in fiscal year 2017. Excluding the net change in fair value of investments, total revenues were $227.4 million in fiscal year 2017, representing an increase of 1.2% from fiscal year 2016. Revenues from federal programs were $158.0 million in fiscal year 2017 as compared to $158.4 million in fiscal year 2016.

- Net operating income, excluding the net change in fair value of investments, was $23.8 million in fiscal year 2017 as compared to $27.6 million in fiscal year 2016. Excluding federal programs and the net change in fair value of investments, net operating income was $18.4 million in fiscal year 2017 as compared to $17.0 million in fiscal year 2016.

- Net position decreased $5.4 million (.7%) as of June 30, 2017. Excluding the change in fair value of investments, net position increased $22.9 million (3.25%) as of June 30, 2017.

2016 Financial Highlights

- Total assets were $1.9 billion, an increase of 6.5% from June 30, 2015. The growth in assets primarily reflects an increase in single family mortgage investments for which new production exceeded loan paydowns and prepayments.

- Fiscal year 2016 mortgage investment purchases and originations totaled $259.1 million as compared to $162.1 million in fiscal year 2015. Proceeds from the sale of mortgage assets and principal repayments on mortgage assets totaled $140.7 million in fiscal year 2016 as compared to $141.8 million in fiscal year 2015.

- Revenue bonds issued totaled $219.1 million in fiscal year 2016 and totaled $162.7 million in fiscal year 2015.

- Total revenues were $228.6 million in fiscal year 2016, an increase of 5.2% from fiscal year 2015. Excluding the net change in fair value of investments, total revenues were $224.8 million in fiscal year 2016, representing an increase of 3.3%. Revenues from federal programs were $158.4 million in fiscal year 2016 as compared to $151.9 million in fiscal year 2015.

- Net operating income, excluding the net change in fair value of investments, was $27.6 million in fiscal year 2016 as compared to $20.3 million in fiscal year 2015. Excluding federal programs and the net change in fair value of investments, net operating income was $17.0 million in fiscal year 2016 as compared to $15.2 million in fiscal year 2015.

- Net position increased $31.4 million (4.3%) as of June 30, 2016. Excluding the change in fair value of investments, net position increased $27.1 million (4.01%) as of June 30, 2016.

The Commission has maintained a general obligation issuer credit rating from Standard and Poor's Ratings Services of AA+ with a stable outlook. This rating was affirmed July 26, 2017.

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, 2017, 2016 and 2015.

Condensed Financial Information
Assets, Liabilities and Net Position (In Thousands)

	June 30,			$ change	
	2017	2016	2015	2017 - 2016	2016 - 2015
Assets					
Current assets	$ 44,506	$ 52,798	$ 30,004	$ (8,292)	$ 22,794
Restricted investments	203,029	182,375	175,040	20,654	7,335
Restricted mortgage investments	1,285,327	1,256,333	1,172,492	28,994	83,841
Other restricted assets	84,664	100,915	116,209	(16,251)	(15,294)
Capital assets	1,426	1,063	674	363	389
Other	269,657	275,077	260,377	(5,420)	14,700
Total Assets	1,888,609	1,868,561	1,754,796	20,048	113,765
Deferred Outflows of Resources	5,390	1,808	1,032	3,582	776
Liabilities					
Current liabilities	32,187	46,784	22,858	(14,597)	23,926
Current liabilities - payable from restricted assets	153,708	148,480	139,574	5,228	8,906
Long-term bonds and notes payable	926,091	892,759	843,691	33,332	49,068
Other	23,345	18,288	15,820	5,057	2,468
Total Liabilities	1,135,331	1,106,311	1,021,943	29,020	84,368
Deferred Inflows of Resources	2,450	2,480	3,713	(30)	(1,233)
Net Position					
Net investment in capital assets	1,426	1,063	674	363	389
Restricted	496,833	502,043	484,761	(5,210)	17,282
Unrestricted	257,959	258,472	244,737	(513)	13,735
Total Net Position	$ 756,218	$ 761,578	$ 730,172	$ (5,360)	$ 31,406

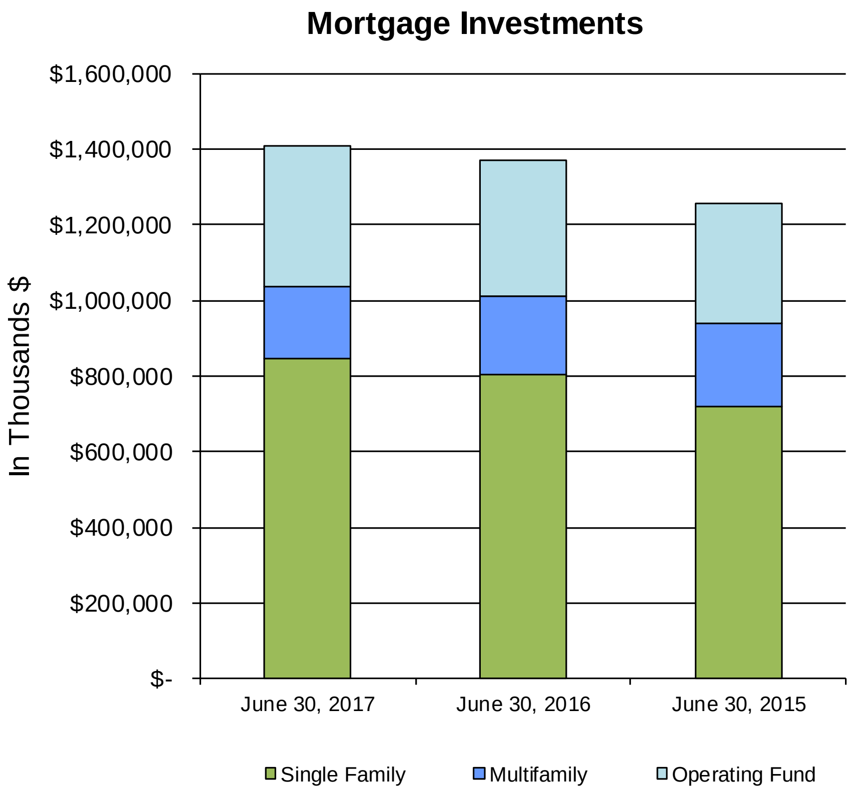
Investments

Investments consist of U.S. government and agency fixed rate securities and a guaranteed investment agreement contract that terminated during fiscal year 2017. The Commission's investment policy emphasizes preservation of principal. At June 30, 2017, the Commission had $376.5 million in investments as compared to $365.3 million at June 30, 2016 and $368.5 million at June 30, 2015.

Mortgage Investments

The Commission's mortgage investments increased 2.6% and 9.3% during fiscal years 2017 and 2016, respectively. Mortgage investments comprise 74.5% of the Commission's total assets at June 30, 2017, as compared to 73.4% at June 30, 2016 and 71.6% at June 30, 2015. Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) mortgage-backed securities (MBS) comprise 62.7% of the Commission's mortgage investments at June 30, 2017, compared to 61.6% at June 30, 2016 and 59.1% at June 30, 2015. In fiscal year 2017 new loans totaled $252.4 million, with prepayment activity, mortgage asset sales and change in fair value resulting in a net increase of $35.3 million in the mortgage investment portfolio as reported. In fiscal year 2016 new loans totaled $259.1 million, with prepayment activity and change in fair value resulting in a net increase of $116.3 million in the mortgage investment portfolio as reported. The Commission's loan portfolio is low-risk, with over 99% of the homeownership loan portfolio being GNMA, Fannie Mae and Freddie Mac 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 3.0% of total mortgage investments at June 30, 2017 (3.1% at June 30, 2016, and 3.4% at June 30, 2015), 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, 2017, 2016 and 2015 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 $149.2 million at June 30, 2017, as compared to $143.4 million at June 30, 2016 and $111.5 million at June 30, 2015. The operating fund loans also include loans financed by the federal HOME Investment Partnerships Program totaling $195.5 million, net, at June 30, 2017, as compared to $190.9 million at June 30, 2016 and $179.8 million at June 30, 2015. In addition, the operating fund loans at June 30, 2017 include $24.9 million in loans financed by the federal Tax Credit Assistance Program (TCAP), as compared to $25.2 million at June 30, 2016 and $25.6 million at June 30, 2015.

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 $128.9 million at June 30, 2017, $140.4 million at June 30, 2016 and $148.4 million at June 30, 2015. The Commission's multifamily loan portfolio also includes conduit loans, which totaled $68.3 million at June 30, 2017, $72.1 million at June 30, 2016 and $73.4 million at June 30, 2015. The conduit loans are financed by the borrowers with limited obligation revenue bonds.

The Commission provides financing for single family mortgages eligible for GNMA, Fannie Mae, and Freddie Mac securitization. The Commission currently provides eligible homebuyers with mortgage loans financed by the Commission's first-time homebuyer bond programs (First Place loans) for which the MBS are initially purchased for the Commission's warehouse funded by short-term FHLB advances or net position and ultimately financed by the proceeds of tax-exempt bonds issued by the Commission. First Place MBS purchases totaled $194.9 million, $217.4 million and $140.0 million in fiscal years 2017, 2016 and 2105, respectively.

During fiscal year 2017 the Commission began financing eligible homebuyers, including non-first time homebuyers, with mortgage loans (Next Step loans) financed at predetermined daily prices via the To-Be-Announced (TBA) market in accordance with an agreement with a third-party administrator. Next Step MBS delivered during the year totaled $55.9 million.

Debt

At June 30, 2017, the Commission had $987.3 million in bonds and notes outstanding as compared to $961.1 million outstanding at June 30, 2016 and $889.2 million at June 30, 2015. Bonds and notes include short-term FHLB advances used to fund the Commission's warehousing of First Place homeownership program mortgage-backed securities in advance of selling mortgage revenue bonds. There were advances totaling $28.3 million outstanding at June 30, 2017 as compered to $38.5 million and $19.7 million outstanding at June 30, 2016 and June 30, 2015, respectively.

During fiscal year 2017, new debt issued included four single family mortgage revenue bonds, which totaled $217.4 million, including refunding bonds totaling $45.9 million. During fiscal year 2016, new debt issued included one series of multifamily housing refunding revenue bonds, which totaled $13.7 million, and three single family mortgage revenue bond series totaling $205.4 million, including refunding bonds totaling $29.4 million. Overall debt increased during fiscal year 2017 as a result of the new debt issuances exceeding principal payments and redemptions. The Commission's single family and multifamily housing bonds are rated AA+ with a stable outlook by Standard and Poor's. 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 40.6% at June 30, 2017 as compared to 40.5% at June 30, 2016 and 41.5% at June 30, 2015. Excluding unrealized gains and losses, net position was $725.9 million at June 30, 2017, $703.1 million at June 30, 2016 and $676.0 million at June 30, 2015, representing growth of 3.3% in fiscal year 2017, 4.0% in fiscal year 2016 and 2.3% in fiscal year 2015. A significant portion of the Commission's net position is restricted by bond indentures, grant agreements and other legal requirements. In addition, the Commission has designated certain unrestricted net position for its affordable housing programs. The amounts designated were $221.0 million at June 30, 2017, $217.4 million at June 30, 2016, and $200.1 million at June 30, 2015. 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 2017, 2016 and 2015.

Condensed Financial Information

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

				$ change	
	2017	2016	2015	2017 - 2016	2016 - 2015
Operating Revenues					
Interest and investment income	$ 24,659	$ 56,296	$ 51,420	$ (31,637)	$ 4,876
Grants and federal assistance	157,970	158,366	151,932	(396)	6,434
Other	15,550	13,959	13,887	1,591	72
Total Operating Revenues	198,179	228,621	217,239	(30,442)	11,382
Operating Expenses					
Interest expense	28,641	27,813	29,085	828	(1,272)
Compensation and administrative expenses	14,697	13,318	12,969	1,379	349
Grants and federal assistance	152,572	147,794	146,817	4,778	977
Other	7,629	8,290	8,490	(661)	(200)
Total Operating Expenses	203,539	197,215	197,361	6,324	(146)
Change in Net Position	$ (5,360)	$ 31,406	$ 19,878	$ (36,766)	$ 11,528

The Commission continues to exhibit healthy financial activity. During fiscal year 2017, overall revenues decreased due, primarily, to a decrease in fair value adjustments. During fiscal year 2016, overall revenues increased due, primarily, to an increase in fair value adjustments and an increase in federal assistance revenue. Excluding the effects of fair value reporting:

- Revenues totaled $227.4 million, $224.8 million and $217.7 million in fiscal years 2017, 2016 and 2015, respectively.
- The change in net position was an increase of $22.9 million in fiscal year 2017, $27.1 million in fiscal year 2016 and $15.2 million in fiscal year 2015, demonstrating continued financial strength.
- The return on average equity and the return on average assets, excluding conduit bond-financed assets, were 3.2% and 1.3%, respectively, for fiscal year 2017. This compares to 3.9% and 1.6%, respectively, for fiscal year 2016 and 2.3% and 0.9%, respectively, for fiscal year 2015.

Revenues

Interest and investment income totaled $24.7 million in fiscal year 2017 as compared to $56.3 million in fiscal year 2016 and $51.4 million in fiscal year 2015. This income includes a fair value decrease of $29.2 million in fiscal year 2017, a fair value increase of $3.9 million in fiscal year 2016 and a fair value decrease of $411,000 in fiscal year 2015. 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 totaled $53.9 million in fiscal year 2017 as compared to $52.4 million in fiscal year 2016 (an increase of 2.7% in fiscal year 2017) and $51.8 million in fiscal year 2015 (an increase of 1.2% in fiscal year 2016). Depending on future financial markets, interest rate fluctuations and thus, changes in the fair value of investments and mortgage-backed securities reported, are expected to have continuing material effects on the Commission's financial statements.

Other operating revenues include $5.9 million, $5.9 million and $5.6 million in administration fee income for fiscal years 2017, 2016 and 2015, respectively. These fees are predominantly related to the Commission's administration of federal programs. In addition, other operating revenues in fiscal year 2017 included $960,000 in fee income for MBS delivered in accordance with the Commission's daily pricing agreement for its Next Step single family loan program.

Grants and Federal Assistance

Federal grant program revenues and expenses represent activity related to projects funded by HUD (including Section 8 Contract Administration and the HOME Investment Partnerships Program) and other federal programs. These revenues totaled $158.0 million in fiscal year 2017 as compared to $158.4 million in fiscal year 2016 and $151.9 million in fiscal year 2015 while expenses incurred were $152.6 million in fiscal year 2017, $147.8 million in fiscal year 2016 and $146.8 million in fiscal year 2015. Grant revenues in fiscal year 2017 decreased slightly reflecting an increase in Section 8 Contract Administration funding offset by a decrease in the HOME Investment Partnerships Program funding. Related grant expenses increased in fiscal year 2017 reflecting the increase in Section 8 Contract Administration assistance along with increased HOME Investment Partnerships Program grant assistance versus loan assistance, which is capitalized, as compared to fiscal year 2016. The fiscal year 2016 increase in federal grant program revenues and expenses was primarily due to an increase in Section 8 Contract Administration funding and an increase in the HOME Investment Partnerships Program. The Section 8 Contract Administration revenues totaled $145.7 million, $143.1 million, and $139.6 million in fiscal years 2017, 2016 and 2015, respectively. HOME Investment Partnerships Program funding has varied reflecting timing of awards and disbursements in addition to a change in federal allocation for this program and totaled $9.7 million in fiscal year 2017 as compared to $12.6 million in fiscal year 2016 and $9.8 million in fiscal year 2015. 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 $28.6 million for fiscal year 2017 as compared to $27.8 million for fiscal year 2016 (an increase of 3.0% in fiscal year 2017) and $29.1 million for fiscal year 2015 (a decrease of 4.4% in fiscal year 2016). The fiscal year 2017 increase is due primarily to increased bonds outstanding along with increased costs of borrowing due to the rise in short term interest rates. The fiscal year 2016 decrease is due to lower costs of borrowing as a result of bond refundings and lower interest rates on new issues reflecting market conditions.

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 $14.7 million in fiscal year 2017 as compared to $13.3 million in fiscal year 2016 and $13.0 million in fiscal year 2015. Fiscal year 2017 costs include pension benefit costs of $2.3 million as compared to $936,000 in fiscal year 2016 and $675,000 in fiscal year 2015. The increase in pension benefit costs, as actuarially determined, is primarily attributable to the actual and assumed investment rate of return on plan assets and updated mortality tables. Excluding the net change in the fair value of investments, operating costs represented 6.46% of revenues in fiscal year 2017 as compared to 5.93% of revenues in fiscal year 2016 and 5.96% of revenues in fiscal year 2015.

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 expects to continue to finance its First Place mortgage program primarily with tax-exempt bond proceeds. In addition, the Commission plans to continue to deliver Next Step program mortgage-backed securities via the TBA market. Changes in interest rates and market conditions may impact the Commission's financing of its homeownership programs, including sales in the TBA market as an alternative for financing in the tax-exempt bond market.

The Commission administers the Project-Based Section 8 program in the State through a contract with HUD, which results in over $145.7 million in housing assistance payment revenue and expense activity annually. The current contract terminates December 31, 2017. HUD is expected to competitively bid this program administration at a future time.

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
(In Thousands)

	June 30, 2017	2016
Assets		
Current Assets		
Cash and cash equivalents	**$ 15,268**	$ 24,553
Investments	**6,992**	8,018
Mortgage investments	**19,098**	15,658
Accrued interest receivable	**2,232**	2,233
Accounts receivable - other	**820**	2,256
Prepaid expenses	**96**	80
Total Current Assets	**44,506**	52,798
Noncurrent Assets		
Restricted assets		
Cash and cash equivalents	**80,408**	96,890
Investments	**203,029**	182,375
Mortgage investments	**1,285,327**	1,256,333
Accrued interest receivable	**4,239**	4,006
Accounts receivable - other	**17**	19
Total restricted assets	**1,573,020**	1,539,623
Investments	**166,511**	174,945
Mortgage investments, net of current portion and allowances for loan losses of $42,385 and $42,598	**102,792**	99,922
Accounts receivable - other	**354**	210
Capital assets, less accumulated depreciation of $2,970 and $3,264	**1,426**	1,063
Total Noncurrent Assets	**1,844,103**	1,815,763
Total Assets	**1,888,609**	1,868,561
Deferred Outflows of Resources		
Refunding of debt	**9**	9
Pension	**5,381**	1,799
Total Deferred Outflows of Resources	**5,390**	1,808

STATEMENT OF NET POSITION *(Continued)*
(In Thousands)

	June 30, 2017	June 30, 2016
Liabilities		
Current Liabilities		
Bonds and notes payable	**$ 28,328**	$ 38,496
Accrued interest payable	**142**	137
Accounts payable	**2,375**	6,851
Unearned revenue	**1,342**	1,300
Total Current Liabilities	**32,187**	46,784
Current Liabilities - Payable from Restricted Assets		
Bonds and notes payable	**32,837**	29,821
Accrued interest payable	**5,376**	6,245
Escrow deposits	**114,562**	111,844
Rent subsidies and other payables	**327**	325
Accounts payable	**606**	245
Total Current Liabilities - Payable from Restricted Assets	**153,708**	148,480
Noncurrent Liabilities		
Bonds and notes payable	**5,895**	5,895
Pension	**14,613**	9,714
Unearned revenue	**8,732**	8,574
Payable from restricted assets		
Bonds and notes payable	**920,196**	886,864
Total Noncurrent Liabilities	**949,436**	911,047
Total Liabilities	**1,135,331**	1,106,311
Deferred Inflows of Resources		
Refunding of debt	**2,292**	2,245
Pension	**158**	235
Total Deferred Inflows of Resources	**2,450**	2,480
Net Position		
Net investment in capital assets	**1,426**	1,063
Restricted	**496,833**	502,043
Unrestricted, including designated balances	**257,959**	258,472
Total Net Position	**$ 756,218**	$ 761,578

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (In Thousands)

	For the Years Ended June 30, 2017	2016
Operating Revenues		
Interest and investment income		
Income - mortgage investments	**$ 47,998**	$ 45,597
Income - investments	**5,858**	6,846
Net increase (decrease) in fair value of investments	**(29,197)**	3,853
Total interest and investment income	**24,659**	56,296
Income - MBS sales	**960**	—
Administration fees	**5,872**	5,872
Other income	**8,718**	8,087
Federal program income	**157,970**	158,366
Total Operating Revenues	**198,179**	228,621
Operating Expenses		
Interest expense on bonds	**28,641**	27,813
Bond debt expense and other fees	**2,495**	2,628
Compensation	**10,445**	9,083
General and administrative expenses	**4,252**	4,235
Provision for loan losses	**100**	—
Rent and other subsidy payments	**2,197**	1,912
Missouri Housing Trust Fund grants	**2,837**	3,750
Federal program expenses	**152,572**	147,794
Total Operating Expenses	**203,539**	197,215
Change in Net Position	**(5,360)**	31,406
Net Position - Beginning of Year	**761,578**	730,172
Net Position - End of Year	**$ 756,218**	$ 761,578

STATEMENT OF CASH FLOWS
(In Thousands)

	For the Years Ended June 30, 2017	2016
Cash Flows from Operating Activities		
Interest received on mortgage investments	**$ 48,256**	$ 45,430
Fees, charges and other	**15,087**	10,647
Principal repayments on mortgage loans	**181,553**	140,736
Proceeds from sale of mortgage investments	**12,897**	—
Disbursements of mortgage loans	**(252,437)**	(259,132)
Federal revenue	**157,970**	158,366
Federal expenses	**(152,572)**	(147,794)
Collection of compliance and origination fees	**1,957**	1,652
Cash payments for compensation, administrative and other costs	**(12,291)**	(12,982)
Other operating payments	**(7,527)**	(8,289)
Net Cash Used in Operating Activities	**(7,107)**	(71,366)
Cash Flows from Noncapital Financing Activities		
Retirement of principal on bonds and notes	**(381,775)**	(361,618)
Proceeds from issuance of bonds and notes	**411,094**	436,337
Interest paid on bonds and notes	**(32,597)**	(30,528)
Change in escrow deposits	**2,718**	5,355
Net Cash Provided by (Used in) Noncapital Financing Activities	**(560)**	49,546
Cash Flows Used in Capital and Related Financing Activities		
Payments for capital assets	**(660)**	(676)
Cash Flows from Investing Activities		
Purchases of investments	**(192,128)**	(237,345)
Proceeds from maturities and sales of investments	**169,320**	251,506
Interest received on investments	**5,368**	7,123
Net Cash Provided by (Used in) Investing Activities	**(17,440)**	21,284
Net Decrease in Cash and Cash Equivalents	(25,767)	(1,212)
Cash and Cash Equivalents - Beginning of Year	**121,443**	122,655
Cash and Cash Equivalents - End of Year	**$ 95,676**	$ 121,443

STATEMENT OF CASH FLOWS (*Continued)*
(In Thousands)

	For the Years Ended June 30,	
	2017	2016
Reconciliation of Increase (Decrease) in Net Position to Net Cash Used in Operating Activities		
Increase (decrease) in net position	**$ (5,360)**	$ 31,406
Adjustments to reconcile increase in net position to net cash used in operating activities:		
Depreciation	**297**	287
Net decrease (increase) in fair value of investments	**29,197**	(3,853)
Compliance and origination fee receipts	**1,957**	1,652
Amortization of unearned revenue	**(1,757)**	(1,706)
Income - investments	**(5,858)**	(6,846)
Proceeds from sale of mortgage loans	**12,897**	—
Net change in mortgage loans	**(70,884)**	(118,396)
Provision for loan losses	**100**	—
Interest expense related to bonds and other debt	**28,641**	27,813
Change in deferred outflows related to pensions	**(3,583)**	(777)
Change in deferred inflows related to pensions	**(76)**	(1,858)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	**1,294**	(1,606)
(Increase) decrease in accrued mortgage interest receivabl	**258**	(167)
Increase in prepaid expenses	**(16)**	(4)
Increase in accounts payable	**887**	153
Increase in pension liability	**4,899**	2,536
Net Cash Used in Operating Activities	**$ (7,107)**	$ (71,366)

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Missouri Housing Development Commission (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, 2017 and 2016, the Commission had $62,567,000 and $66,227,000, respectively, of bonds outstanding applicable to conduit 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 note 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 interest and 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 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, 2017 and 2016, cash equivalents consisted primarily of money market funds, Federal Home Loan Bank (FHLB) daily time accounts and U.S. Treasury Bills.

Investments

Securities purchased under agreements to resell, U.S. government and agency securities and mortgage-backed securities are reported at fair value. For the year ended June 30, 2017, the net decrease in fair value of investments was $29,197,000 and for the year ended June 30, 2016, the net increase in fair value of investments was $3,853,000.

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), Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) 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 serviced as mortgage loans upon final endorsement after construction completion. Mortgage and construction loans are reported at cost, while GNMA, Fannie Mae and Freddie Mac mortgage-backed securities are reported at fair value.

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.

Fair Value Reporting

The Commission categorizes its fair value measurements applicable for reporting its investments and mortgage-backed securities within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Allowance for Loan Losses

The allowance for loan losses is associated with 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 and 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 seven years. The Commission defines capital assets as assets with an initial, individual cost of more than $5,000 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. Any 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. There were no excess yields payable as of June 30, 2017 and 2016.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position 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 pension plans administered by 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.

Reclassifications

Certain 2016 amounts have been reclassified, where appropriate, to conform to the 2017 financial statement presentation.

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 $7,655,000 and $9,025,000 at June 30, 2017 and 2016, respectively, which are insured by HUD's Federal Housing Administration (FHA) programs or guaranteed by the Veterans Administration (VA). These insured loans include $6,448,000 and $6,499,000 at June 30, 2017 and 2016, respectively, 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 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 Freddie Mac.

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 Freddie Mac.

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 Freddie Mac.

3. Cash and Investments

A summary of cash and investments as of June 30, 2017 and 2016 is as follows (in thousands):

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents				
Cash	$ 26,878	$ 26,878	$ 38,752	$ 38,752
FHLB daily time accounts	1,545	1,545	245	245
Money market funds	40,650	40,650	82,446	82,446
U.S. Treasury Bills	26,603	26,603	—	—
Total cash and cash equivalents	$ 95,676	$ 95,676	$ 121,443	$ 121,443
Investments				
U.S. Treasury bonds and notes and agency obligations	$ 379,157	$ 376,532	$ 359,703	$ 364,481
Guaranteed investment contract	—	—	857	857
Total investments	379,157	376,532	360,560	365,338
Total cash and cash equivalents and investments	$ 474,833	$ 472,208	$ 482,003	$ 486,781

Investment Policy

General

The Commission's formal *Investment Policy and Guidelines* apply 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, 2017, 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, 2017, 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, 2017 and 2016, the Commission had the following investments and maturities (in thousands):

June 30, 2017

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**	**More Than 10**
U.S. Treasury securities	$ 18,262	$ 10,302	$ —	$ 628	$ 7,332
U.S. agency securities	358,270	29,707	182,080	146,483	—
Total investments	$ 376,532	$ 40,009	$ 182,080	$ 147,111	$ 7,332

June 30, 2016

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**	**More Than 10**
U.S. Treasury securities	$ 12,823	$ 4,002	$ —	$ —	$ 8,821
U.S. agency securities	351,658	25,354	164,721	161,583	—
Guaranteed investment contract	857	—	—	—	857
Total investments	$ 365,338	$ 29,356	$ 164,721	$ 161,583	$ 9,678

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, 2017, as reported at fair value, the Commission's U.S. agency securities consist of $144,495,000 Federal Farm Credit Bank (FFCB), $99,108,000 Federal Home Loan Bank (FHLB), $78,212,000 Fannie Mae, and $36,455,000 Freddie Mac debt securities.

The Commission's recurring fair value measurements include U.S. Treasury and government agency securities, valued using a multi-dimensional relational pricing model (Level 2 inputs). These securities totaled $376,532,000 and $364,481,000 as of June 30, 2017 and 2016, respectively.

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. 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 and government agency securities. Obligations of the state of Missouri and collateralized certificates of deposit are limited to 60% of the non-bond fund portfolio, each. Collateralized repurchase agreements are limited to 50% of the non-bond fund portfolio. The following table lists investments in issuers that represent 5% or more of total investments at June 30, 2017:

Issuer	Percent of Total Investments
Federal Farm Credit Bank (FFCB)	30.6%
Federal Home Loan Bank (FHLB)	21.3%
Federal National Mortgage Association (Fannie Mae)	16.6%
Federal Home Loan Mortgage Corporation (Freddie Mac)	7.7%

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.

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 $26,298,000 at June 30, 2017 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 at June 30, 2017 include $580,000 in a demand deposit account and $1,545,000 in a daily time account, 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 net position consist of the following as of June 30, 2017 and 2016 (in thousands):

	2017	2016
Total mortgage loan principal outstanding	**$ 567,057**	$ 569,055
Less: Allowance for mortgage loan losses	**(42,385)**	(42,598)
Mortgage loans, net	**524,672**	526,457
Total mortgage-backed securities, at cost	**849,631**	791,733
Unrealized gain on securitized mortgage loans	**32,914**	53,723
Mortgage-backed securities, at fair value	**882,545**	845,456
Mortgage investments, net	**$ 1,407,217**	$ 1,371,913

Mortgages include loans financed by the federal HOME Investment Partnerships Program totaling $216,874,000 and $212,579,000 as of June 30, 2017 and 2016, respectively. A portion of these loans totaling $108,020,000 and $97,917,000 at June 30, 2017 and 2016, respectively, include prepayment terms allowing deferment or repayment based on net income of the multifamily developments. An estimated allowance for mortgage loan losses of $21,390,000 and $21,715,000 is attributable to this portfolio at June 30, 2017 and 2016, respectively. At June 30, 2017 and 2016, mortgages also include $28,755,000 and $29,122,000, respectively, in loans financed by the federal Tax Credit Assistance Program (TCAP). An estimated allowance for mortgage loan losses of $3,855,000 and $3,920,000 is attributable to this portfolio at June 30, 2017 and 2016, respectively.

The Commission warehouses mortgage-backed securities created by its single family homeownership programs. The warehoused securities have been funded by short-term FHLB advances or net position. U.S. agency securities, which totaled $58,186,000, and $52,740,000 at June 30, 2017 and 2016, respectively, are pledged as collateral for the short-term FHLB advances. There were warehoused mortgage-backed securities totaling $37,942,000 and $41,437,000 held at June 30, 2017 and 2016, respectively.

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 (First Place loans), 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, U.S. Department of Agriculture/Rural Development (USDA/RD) guaranteed or Fannie Mae-qualified conventional loans.

During fiscal year 2017, the Commission began financing eligible homebuyers, including non-first time homebuyers, with mortgage loans (Next Step loans) financed at predetermined daily prices via the taxable To-Be-Announced (TBA) market in accordance with an agreement with a third-party administrator. Next Step MBS delivered during the year totaled $55,909,000.

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 an 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 $128,856,000, representing 53 loans as of June 30, 2017 and $140,387,000, representing 57 loans as of June 30, 2016.

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 Freddie Mac 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 at June 30, 2017 have stated interest rates ranging from 2.50% to 8.30%, while the underlying mortgages have stated interest rates ranging from 3.00% to 8.80%.

GNMA, Fannie Mae and Freddie Mac certificates, which are included in mortgage investment balances, are presented in the statement of net position at fair value. These mortgage-backed securities are guaranteed as to payment of principal and interest by GNMA, Fannie Mae or Freddie Mac. As of June 30, 2017, the par value of securitized mortgage loans consist of 91.4% GNMA, 8.3% Fannie Mae and 0.3% Freddie Mac certificates. All other loans included in mortgage investments are carried at cost. The following summarizes the carrying value and cost of mortgage investments as of June 30, 2017 and 2016 (in thousands):

	2017		2016	
	Carrying Value	Cost	Carrying Value	Cost
GNMA, Fannie Mae and Freddie Mac mortgage-backed securities	$ 882,545	$ 849,631	$ 845,456	$ 791,733
Other mortgage loans	567,057	567,057	569,055	569,055
Total mortgage investments	$ 1,449,602	$ 1,416,688	$ 1,414,511	$ 1,360,788

The Commission's recurring fair value measurements as of June 30, 2017 include the GNMA, Fannie Mae and Freddie Mac certificates totaling $882,545,000 valued using a matrix pricing technique, which utilizes pricing indices, index spreads and other market reference data (Level 2 inputs).

5. Bonds Payable and Long-Term Liabilities

The following tables provide a summary of the changes in long-term liabilities for the years ended June 30, 2017 and 2016 (in thousands):

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Amount Due Within One Year
Operating Fund	$ 44,391	$ 1,292,963	$ (1,303,131)	$ 34,223	$ 28,328
Multifamily Bond-Financed Program (2000 Indenture)	88,933	—	(3,847)	85,086	2,808
Multifamily Bond-Financed Program (2014 Indenture)	47,697	—	(5,438)	42,259	1,375
Other Multifamily Bond-Financed Programs (Conduit Debt)	72,147	—	(3,855)	68,292	1,139
Homeownership Bond-Financed Program (1995 Indenture)	77,569	—	(46,009)	31,560	2,800
Special Homeownership Bond-Financed Program (2009 Indenture)	358,273	—	(59,200)	299,073	11,996
First Place Homeownership Bond-Financed Program (2015 Indenture)	256,220	217,392	(66,041)	407,571	12,196
Total bonds and notes payable	945,230	1,510,355	(1,487,521)	968,064	60,642
Unamortized premium and discount, net	15,846	6,484	(3,138)	19,192	523
Total bonds and notes payable, net	961,076	1,516,839	(1,490,659)	987,256	61,165
Unearned revenue	9,874	2,104	(1,904)	10,074	1,342
Total long-term debt and other obligations	$ 970,950	$ 1,518,943	$ (1,492,563)	$ 997,330	$ 62,507

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Amount Due Within One Year
Operating Fund	$ 25,624	$ 849,001	$ (830,234)	$ 44,391	$ 38,496
Multifamily Bond-Financed Program (2000 Indenture)	110,345	—	(21,412)	88,933	2,787
Multifamily Bond-Financed Program (2014 Indenture)	35,203	13,654	(1,160)	47,697	1,397
Other Multifamily Bond-Financed Programs (Conduit Debt)	73,439	—	(1,292)	72,147	1,223
Homeownership Bond-Financed Program (1995 Indenture)	146,777	—	(69,208)	77,569	2,157
Special Homeownership Bond-Financed Program (2009 Indenture)	427,753	—	(69,480)	358,273	14,047
First Place Homeownership Bond-Financed Program (2015 Indenture)	60,000	205,405	(9,185)	256,220	7,665
Total bonds and notes payable	879,141	1,068,060	(1,001,971)	945,230	67,772
Unamortized premium and discount, net	10,010	8,630	(2,794)	15,846	545
Total bonds and notes payable, net	889,151	1,076,690	(1,004,765)	961,076	68,317
Unearned revenue	9,928	1,801	(1,855)	9,874	1,300
Total long-term debt and other obligations	$ 899,079	$ 1,078,491	$ (1,006,620)	$ 970,950	$ 69,617

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, 2017 and 2016 follows (in thousands), including the applicable calendar date reference for future maturities or final redemption:

	Original Amount Authorized	Outstanding 2017	Outstanding 2016
Multifamily Bond-Financed Program (2000 Indenture)			
2003 Series 8 Stratford Commons (4.80% to 5.20%), due 2020 - 2035	$ 4,385	$ 1,730	$ 1,790
2004 Series 5 FP-San Remo Apts. (5.00% to 5.45%), due 2020 - 2036	3,785	1,865	1,925
2005 Series 6 Ivanhoe Gardens Apts. (4.75% to 4.875%), due 2017 - 2036	4,240	2,095	2,155
2006 Series 1 Meadow Ridge Townhouses (4.40% to 5.00%), due 2017 - 2037	6,360	2,115	2,175
2006 Series 3 Eureka & Wendell Apts. (4.50% to 5.00%), due 2017 - 2047	3,165	2,840	2,880
2006 Series 4 Justin Place Apts. (4.625% to 5.00%), due 2017 - 2042	5,640	1,955	1,995
2006 Series 5 Metropolitan Village Apts. (4.625% to 5.00%), due 2017 - 2038	5,960	4,945	5,075
2007 Series 1 Linden Campus Apts. (4.30% to 4.70%), due 2017 - 2048	3,980	1,805	1,830
2009 Series 1 Courthouse Apts. (4.00% to 5.25%), due 2019 - 2042	18,940	5,295	5,405
2010 Series 1 Basie Court Apts. (3.00% to 4.50%), due 2020 - 2042	4,967	1,343	1,375
2010 Series 2 Samantha Heights Apts. (2.75% to 4.75%), due 2017 - 2042	8,610	5,730	5,860
2010 Series 3 Wesley Senior Towers Apts. (2.90% to 5.125%), due 2017- 2042	5,395	2,635	2,695
2010 Series 4 Lucas Heights Apts. (4.05% to 5.40%), due 2020 - 2042	8,175	3,305	3,365
2010 Series 5 Grandview Estates (4.00% to 5.25%), due 2020 - 2042	3,531	938	958
2012 Series 1 Refunding Bonds (1.20% to 4.25%), due 2017-2038	42,740	20,875	23,050
2013 Series 1 Friendship Village (1.10% to 3.75%), due 2017 - 2045	6,555	3,130	3,200
2013 Series 2 Refunding Bonds (1.60% to 4.65%), due 2017-2040	15,560	13,700	14,240
2013 Series 3 Shepard Apts. (1.50% to 5.00%), due 2017-2045	12,030	7,055	7,195
2013 Series 4 House Springs Apts. (1.25% to 5.00%) due 2017-2045	2,555	1,730	1,765
	166,573	85,086	88,933
Less: Unamortized debt discount	—	(63)	(67)
Add: Unamortized debt premium	—	388	414
	166,573	85,411	89,280
Multifamily Bond - Financed Program (2014 Indenture)			
2014 Series 1 Refunding Bonds (4.20%), due 2040	23,742	17,722	22,515
2015 Series 1 Refunding Bonds (3.75%), due 2042	12,120	11,538	11,816
2015 Series 2 Refunding Bonds (3.875%), due 2036	13,654	12,999	13,366
	49,516	42,259	47,697

	Original Amount Authorized	Outstanding 2017	Outstanding 2016
Other Multifamily Bond - Financed Programs (Conduit Debt)			
Series 1999 O'Fallon Place Apts. (5.20% to 5.25%), due 2020 - 2032*	$ 6,710	$ 4,565	$ 4,730
Series 1999 East Hills Village Apts. (7.30%), due 2030	2,750	2,005	2,085
Series 2004 Bridgeport Apts. (6.60%), due 2041	6,580	5,853	5,946
2005 Series I-A Lakewood Apts. (5.25%), due 2035*	2,750	1,160	1,190
2005 Series II Chapel Ridge of St. Joseph (6.30%), due 2047	7,150	6,286	6,331
2005 Series III Chapel Ridge of Union (6.40%), due 2047	6,375	5,784	5,824
2005 Series IV Chapel Ridge of Blue Springs (6.40%), due 2047	9,800	8,942	9,004
2006 Series I Bainbridge Apts. (5.75%), due 2017 - 2048	15,046	3,558	3,670
2006 Series II Georgian Court Apts. (5.75%), due 2017 - 2048	8,721	1,802	1,836
2006 Series III Linda Vista Apts. (5.75%), due 2017 - 2048	5,329	878	888
2006 Series V Lost Tree South Apts. - Redeemed June 2017	4,400	—	2,702
2006 Series VII Cedar Tree Apts. (5.73%), due 2026	2,500	1,601	1,627
2006 Series VIII Elmwood Estates Apts. (5.73%), due 2026	3,200	2,445	2,485
2006 Series IX Catalpa Tree Apts. (5.73%), due 2026	1,800	1,192	1,211
2006 Series X Center Apts. (5.73%), due 2026	1,900	1,108	1,126
2007 Series I Park Ridge Apts. (5.665%), due 2039	12,000	8,871	9,030
2007 Series II Mexico I Apts. (5.88%), due 2026	1,100	589	603
2007 Series III Princeton Manor Apts. (variable rate), due 2027	2,152	1,465	1,484
2007 Series IV Oakwood Terrace Apts. (variable rate), due 2027	970	722	731
2007 Series V Westside Apts. (variable rate), due 2027	2,400	797	812
2007 Series VI Longfellow Apts. (variable rate), due 2040	6,400	2,420	2,470
2011 Series I Brookstone Village (6.00%), due 2021	6,800	6,249	6,362
	116,833	68,292	72,147
Total Multifamily Bond - Financed Programs	332,922	195,962	209,124
Homeownership Bond – Financed Program (1995 Indenture)			
2007 Series A - Redeemed November 2016*	50,000	—	5,325
2007 Series B - Redeemed November 2016*	35,000	—	4,875
2007 Series C - Redeemed June 2017*	100,000	—	11,020
2007 Series D - Redeemed June 2017*	50,000	—	5,290
2007 Series E - Redeemed June 2017*	66,000	—	6,025
2008 Series A (4.10% to 5.70%), due 2017 - 2039*	50,000	4,855	5,780
2008 Series B (5.10% to 5.75%), due 2017 - 2034*	65,000	1,755	3,760
2008 Series C-1 (5.615%), due 2039*, **	8,000	607	704
2008 Series C-2 (4.48%), due 2039*, **	12,000	1,087	1,410
2008 Series C-3 (5.24%), due 2039*, **	10,000	1,025	1,297
2008 Series C-4 (5.06%), due 2039*, **	10,000	1,770	2,122
2009 Series A (3.80% to 5.35%), due 2017 - 2039*	30,000	2,645	5,150
2009 Series B-1 (4.63%), due 2040*, **	10,000	1,357	1,728
2009 Series B-2 (4.64%), due 2040*, **	5,000	1,024	1,263
2009 Series C (3.65% to 5.00%), due 2017 - 2036*	40,000	5,315	8,310
2009 Series D (3.10% to 4.80%), due 2017 - 2040*	45,000	10,120	13,510
	586,000	31,560	77,569
Less: Unamortized debt discount	—	(3)	(6)
Add: Unamortized debt premium	—	265	1,073
	586,000	31,822	78,636

	Original Amount Authorized	Outstanding 2017	Outstanding 2016
Special Homeownership Bond - Financed Program (2009 Indenture)			
2009 Series E-1 (3.25% to 5.00%), due 2017 - 2027*	$ 100,000	$ 5,945	$ 9,350
2009 Series E-2 (2.55% to 4.50%), due 2017 - 2027*	100,000	7,850	12,465
2009 Series E-3 (3.05% to 4.625%), due 2017 - 2028*	100,000	11,820	16,945
2009 Series E-4 (2.25% to 4.25%), due 2017 - 2030*	100,000	53,645	65,490
2009 Series E-5 - Redeemed November 2016*	30,000	—	24,020
2013 Series A (2.65%) due 2040*	45,220	20,610	24,995
2013 Series B (2.65%) due 2041*	54,010	25,735	33,950
2013 Series D (2.55%) due 2034*	44,924	19,546	22,948
2013 Series C (2.65%) due 2040*	47,840	24,065	29,855
2014 Series A (.90% to 4.00%), due 2017 - 2041*	50,000	36,915	43,470
2014 Series B (.80% to 4.00%), due 2017 - 2040*	50,000	40,650	45,555
2014 Series C (2.97%), due 2036*	40,579	23,902	29,230
2016 Series C (2.40%), due 2044*	31,503	28,390	—
	794,076	299,073	358,273
Add: Unamortized debt premium	—	3,454	4,321
	794,076	302,527	362,594
First Place Homeownership Bond - Financed Program (2015 Indenture)			
2015 Series A (.85% to 3.75%), due 2017 - 2038*	60,000	50,225	56,460
2015 Series B-1 (1.15% to 4.00%), due 2017 - 2045*	23,090	16,815	20,970
2015 Series B-2 (1.75% to 4.00%), due 2020 - 2045*	50,000	40,800	47,010
2015 Series C (.95% to 4.00%), due 2017 - 2036*	56,000	49,310	55,465
2016 Series A-1 (.875% to 1.25%), due 2017 - 2019*	6,315	3,910	6,315
2016 Series A-2 (1.05% to 4.00%), due 2019 - 2040*	70,000	64,205	70,000
2016 Series B (.70% to 3.50%), due 2017 - 2041*	70,000	67,955	—
2016 Series D (3.40%), due 2046*	51,489	49,951	—
2017 Series A-1 (4.00%), due 2042*	14,400	14,400	—
2017 Series A-2 (.80% to 4.00%), due 2017 - 2042*	50,000	50,000	—
	451,294	407,571	256,220
Add: Unamortized debt premium	—	15,151	10,111
	451,294	422,722	266,331
Total Single Family Bond - Financed Programs	1,831,370	757,071	707,561
Total bonds payable, net	$ 2,164,292	$ 953,033	$ 916,685

The proceeds of bond issues denoted by "*" are used to purchase GNMA, Fannie Mae and Freddie Mac 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 years ended June 30, 2017 and 2016, the Commission repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds. Net gains of $2,035,000 and $1,403,000 for the years ended June 30, 2017 and 2016, respectively, 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

Refundings Completed During Fiscal Year 2017:

The Commission issued Single Family Mortgage Revenue Refunding Bonds 2016 Series C in the aggregate amount of $31,503,000. The proceeds of the refunding bonds were used to refund the outstanding Single Family Mortgage Revenue Bonds 2007 Series A, 2007 Series B and 2009 Series E-5. The refunding resulted in a difference between the reacquisition price and the net carrying amount of approximately $108,000. This difference, reported in the accompanying financial statements as deferred inflows of resources, is being recognized in operations through the year 2038 using the bonds outstanding method. The Commission completed the advance refunding to decrease its total debt service payments over the next 27 years by approximately $1,139,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $1,098,000.

The Commission issued Single Family Mortgage Revenue Bonds 2017 Series A-1 in the aggregate amount of $14,400,000. The proceeds of the refunding bonds were used to refund the outstanding Single Family Mortgage Revenue Bonds 2007 Series C, D and E. The refunding resulted in a difference between the reacquisition price and the net carrying amount of approximately $119,000. This difference, reported in the accompanying financial statements as deferred inflows of resources, is being recognized in operations through the year 2038 using the bonds outstanding method. The Commission completed the advance refunding to decrease its total debt service payments over the next 12 years by approximately $890,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $1,239,000.

Refundings Completed During Fiscal Year 2016:

The Commission issued Single Family Mortgage Revenue Bonds 2015 Series B-1 in the aggregate amount of $23,090,000. The proceeds of the refunding bonds were used to refund the outstanding Single Family Mortgage Revenue Bonds 2006 Series A, B, and C. The refunding resulted in a difference between the reacquisition price and the net carrying amount of approximately $661,000. This difference, reported in the accompanying financial statements as deferred inflows of resources, is being recognized in operations through the year 2037 using the bonds outstanding method. The Commission completed the advance refunding to decrease its total debt service payments over the next 17 years by approximately $1,957,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $1,591,000.

The Commission issued Single Family Mortgage Revenue Bonds 2016 Series A-1 in the aggregate amount of $6,315,000. The proceeds of the refunding bonds were used to refund the outstanding Single Family Mortgage Revenue Bonds 2006 Series D and E. The refunding resulted in a difference between the reacquisition price and the net carrying amount of approximately $97,000. This difference, reported in the accompanying financial statements as deferred inflows of resources, is being recognized in operations through the year 2019 using the bonds outstanding method. The Commission completed the advance refunding to decrease its total debt service payments over the next 19 years by approximately $1,958,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $1,558,000.

The Commission issued Taxable Multifamily Housing Refunding Revenue Bonds 2015 Series 2 in the aggregate amount of $13,654,000. The proceeds of the refunding bonds were used to refund the outstanding Multifamily Housing Revenue Bonds 2005 Series 3 and 4. 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 21 years by approximately $1,365,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $860,000.

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**
2018	$ 32,314	$ 32,409	$ 64,723
2019	28,103	32,040	60,143
2020	28,907	31,352	60,259
2021	35,714	30,435	66,149
2022	30,848	29,348	60,196
2023 - 2027	186,301	129,756	316,057
2028 - 2032	206,277	93,882	300,159
2033 - 2037	215,944	54,014	269,958
2038 - 2042	142,507	16,945	159,452
2043 - 2047	26,368	2,253	28,621
2048 - 2049	558	19	577
	$ 933,841	$ 452,453	$ 1,386,294

In addition to bonds payable, the Commission utilizes short-term FHLB advances. There were advances totaling $28,328,000 and $38,496,000 outstanding at June 30, 2017 and 2016, respectively. The short-term FHLB advances included rollover financings of $1,105,746,000 and $640,352,000 in fiscal years 2017 and 2016, respectively. 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
2017	1.25%	$ 28,328	$ 19	$ 28,347

During the fiscal year ended June 30, 2015, in conjunction with an initial Risk-Share claim, the Commission executed a debenture payable to HUD totaling $5,895,000, which remained outstanding at June 30, 2017. 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, the funds 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, 2017 and 2016, 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):

	2017	2016
Program and Construction Funds - construction escrows and other restricted funds	**$ 71,322**	$ 66,318
Mortgage Escrow Accounts - insurance, taxes, replacement reserves and other mortgage escrows	**111,716**	107,875
Federal Program Funds	**5,673**	3,045
Missouri Housing Trust Fund	**3,427**	3,263
Bond Proceeds Accounts - funds for purchase of qualified mortgage-backed securities or mortgage loans and payment of costs of issuance	**21,455**	20,123
Revenue and Debt Service Funds - program revenues for debt services payments	**43,550**	41,778
Debt Service and Other Bond Reserve Accounts - reserves held as required by bond indentures, including: debt service reserves, mortgage reserves and capitalized interest	**26,294**	36,863
	$ 283,437	$ 279,265

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 Partnerships Program and 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, 2017 and 2016 (in thousands):

	2017	2016
Restricted Net Position		
Restricted by bond resolution	**$ 171,746**	$ 189,440
Restricted by collateral custodial agreement - FHLB	**58,186**	52,740
Restricted by grant agreement - HOME Investment Partnership Program	**222,572**	215,647
Restricted by grant agreement - TCAP	**30,569**	30,520
Restricted earnings of HUD-purchased Loans	**10,327**	10,572
Restricted by state statute - Missouri Housing Trust Fund	**3,433**	3,124
Total Restricted Net Position	**$ 496,833**	$ 502,043

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, 2017 and 2016, has designated the following amounts (in thousands):

	2017	2016
Designated by Commission for:		
Tenant assistance	**$ 1,205**	$ 7,635
Loans not funded by a bond sale	**101,713**	93,902
Construction loan commitments	**40,000**	40,000
Loan and other commitments not yet disbursed	**30,719**	28,339
Home Improvement and Multifamily Interest Subsidy Program	**4,764**	5,002
Single Family Homeownership Program	**20,000**	20,000
Single Family Cash Assistance Program	**21,500**	21,500
Emergency Solutions Grant Program	**230**	146
Rural Initiative Program	**847**	900
Total Commission Designated Net Position	**$ 220,978**	$ 217,424

8. Pension Plan

General Information about the Pension Plan

Plan description. Benefit eligible employees of the Commission are provided pensions through Missouri State Employees' Plan (MSEP) - cost-sharing multiple-employer defined benefit pension plans administered by MOSERS. The plans are referred to as MOSERS throughout the Notes. 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 a 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 28.

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% of their annual pay. The Commission's required contribution rate for the years ended June 30, 2017 and 2016, was 16.97% of annual payroll, which totaled $1,049,000 and $1,035,000 in each of these years, respectively, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were $1,035,000 and $994,000 for MOSERS plan years ended June 30, 2016 and 2015, respectively.

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

At June 30, 2017 and 2016, the Commission reported a liability of $14,613,000 and $9,714,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

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, 2016. At the June 30, 2016 measurement date, the Commission's proportion was 0.3148%, an increase from its proportion measured using 0.3030% as of the June 30, 2015 measurement date.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2016 that affected the measurement of total pension liability.

For the years ended June 30, 2017 and 2016, the Commission recognized pension expense of $2,289,000 and $936,000, respectively. At June 30, 2017 and 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

June 30, 2017	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 150	$ 42
Changes of assumptions	1,521	88
Net difference between projected and actual earnings on pension plan investments	2,388	—
Changes in proportion and differences between Commission contributions and proportionate share of contributions	273	28
Commission contributions subsequent to the measurement date of June 30, 2016	1,049	—
Total	$ 5,381	$ 158

June 30, 2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18	$ 63
Changes of assumptions	—	129
Net difference between projected and actual earnings on pension plan investments	746	—
Changes in proportion and differences between Commission contributions and proportionate share of contributions	—	43
Commission contributions subsequent to the measurement date of June 30, 2015	1,035	—
Total	$ 1,799	$ 235

$1,049,000 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date of June 30, 2016 will be recognized as a reduction of the net pension liability in the Commission's financial statements for the year ended June 30, 2018. 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):

Commission's Fiscal Year Ending June 30:	Amount
2018	$ 1,096
2019	1,097
2020	1,563
2021	418
Total	$ 4,174

Actuarial Assumptions

The total pension liability in the June 30, 2016 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%
Salary increases	3.25% to 8.75% including inflation
Wage inflation	3.0%
Investment rate of return	7.65% per year, compounded annually, net after investment expenses and including inflation

Mortality rates for post-retirement mortality are based on the RP-2014 Healthy Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120%. The pre-retirement mortality table used is the RP-2014 Employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. As a result of this actuarial experience study, the MOSERS Board made various demographic and economic assumption changes to more closely reflect actual experience. The most significant changes included lowering the assumed annual investment rate of return from 8.0% to 7.65% and the adoption of the above mortality tables. The changes in assumptions recorded as deferred inflows and outflows of resources were due to these changes from the actuarial experience study.

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, 2016 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	80.0%	5.7%	4.6%
Illiquids **	20.0%	7.3%	1.5%
	100.0%		6.1%

* 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%.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. 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 Commission's proportionate share of the net pension liability calculated using the discount rate of 7.65%, 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 (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Commission's proportionate share of net pension liability (in thousands)	$ 19,241	$ 14,613	$ 10,732

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, 2017 and 2016, the Commission had payables of $43,000 and $44,000, respectively, 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 25 Commission retirees enrolled for health care benefits. The life insurance benefits are administered by MOSERS. The eligible number of retirees for MOSERS for life insurance benefits is 73. 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 2017, the State assessed a charge that ranged from 4.02% to 4.26% 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 2017, 2016 and 2015 expenses of approximately $229,000, $209,000 and $204,000, respectively, 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 in accordance with a ten-year lease and St. Louis in accordance with an 11-year lease. These leases are accounted for as operating leases. Lease expenditures for the years ended June 30, 2017 and 2016 were $855,000 and $791,000, respectively. Future minimum lease payments for these leases are as follows (in thousands):

Year	Amount
2018	$ 637
2019	652
2020	665
2021	682
2022	697
2023-2027	2,625
	$ 5,958

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, 2017.

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 December 31, 2017, resulted in $145,715,000 and $143,117,000 in housing assistance payment revenue and expense activity for the fiscal years ended June 30, 2017 and 2016, respectively. HUD may extend the current contract and is expected to competitively bid this program administration at a future time.

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 $71,498,000 that have not been disbursed as of June 30, 2017.

11. Subsequent Events

During the current year the Commission authorized Single Family Mortgage Revenue Bonds to provide funding for the Commission's First Place Homeownership Program. In accordance with this authorization, the Commission's 2017 Series B bonds totaling $54,241,000 were sold and delivered in August 2017.

12. Future Accounting Pronouncement

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 plans for other postemployment benefits (OPEB) 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.

Required Supplementary Information

SCHEDULES OF SELECTED PENSION INFORMATION
MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
(In Thousands)

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

	June 30, 2014	June 30, 2015	June 30, 2016
Commission's proportion of the net pension liability or asset	0.3044%	0.3030%	0.3148%
Commission's proportionate share of the net pension liability	$ 7,178	$ 9,714	$ 14,613
Commission's covered payroll	$ 5,481	$ 5,856	$ 6,097
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	130.96%	165.88%	239.69%
Plan fiduciary net position as a percentage of the total pension liability	79.49%	77.62%	63.60%

Schedule of Commission's Contributions

	June 30, 2014	June 30, 2015	June 30, 2016
Required contribution	$ 993	$ 994	$ 1,035
Contributions in relation to the required contribution	$ 993	$ 994	$ 1,035
Contribution deficiency	—	—	—
Commission's covered payroll	$ 5,481	$ 5,856	$ 6,097
Contributions as a percentage of covered payroll	18.13%	16.97%	16.97%

Notes:

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

Above schedules are ultimately required to show information for ten years. Only the data for years currently available is displayed.

Changes of Benefit Terms or Assumptions

Change in benefit terms. There were no changes to benefit terms in the plan for the year ended June 30, 2016.

Change in assumptions. Economic and demographic assumptions were updated by the Board of Trustees on July 16, 2016 to be first effective for the June 30, 2016 valuation. The most significant changes to these assumptions were the reduction of the investment return assumption from 8 percent to 7.65 percent and the adoption of new mortality tables. Mortality rates for post-retirement mortality are now based on the RP-2014 Healthy Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120%. The pre-retirement mortality table used is now the RP-2014 Employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females.

Supplementary Information

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF NET POSITION
Page 1 of 2
June 30, 2017
(In Thousands)

		Bond-Financed Programs		
	Operating	Multifamily	Single Family	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 15,268	$ —	$ —	$ 15,268
Investments	6,992	—	—	6,992
Mortgage investments	19,098	—	—	19,098
Accrued interest receivable	2,232	—	—	2,232
Accounts receivable - other	820	—	—	820
Prepaid expenses	96	—	—	96
Total Current Assets	44,506	—	—	44,506
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	10,965	16,065	53,378	80,408
Investments	181,173	7,647	14,209	203,029
Mortgage investments	247,665	193,072	844,590	1,285,327
Accrued interest receivable	740	656	2,843	4,239
Accounts receivable - other	—	—	17	17
Total restricted assets	440,543	217,440	915,037	1,573,020
Investments	166,511	—	—	166,511
Mortgage investments, net of current portion and allowances for loan losses of $42,385	102,792	—	—	102,792
Accounts receivable - other	354	—	—	354
Capital assets, less accumulated depreciation of $2,790	1,426	—	—	1,426
Total Noncurrent Assets	711,626	217,440	915,037	1,844,103
Total Assets	756,132	217,440	915,037	1,888,609
Deferred Outflows of Resources				
Refunding of debt	—	9	—	9
Pension	5,381	—	—	5,381
Total Deferred Outflows of Resources	5,381	9	—	5,390

COMBINING STATEMENT OF NET POSITION *(Continued)*
Page 2 of 2
June 30, 2017
(In Thousands)

		Bond-Financed Programs		
	Operating	Multifamily	Single Family	Total
Liabilities				
Current Liabilities				
Bonds and notes payable	$ 28,328	$ —	$ —	$ 28,328
Accrued interest payable	142	—	—	142
Accounts payable	2,375	—	—	2,375
Unearned revenue	1,342	—	—	1,342
Total Current Liabilities	32,187	—	—	32,187
Current Liabilities - Payable from Restricted Assets				
Bonds and notes payable	—	5,329	27,508	32,837
Accrued interest payable	—	1,951	3,425	5,376
Escrow deposits	114,562	—	—	114,562
Rent subsidies and other payables	327	—	—	327
Accounts payable	567	—	39	606
Total Current Liabilities - Payable from Restricted Assets	115,456	7,280	30,972	153,708
Noncurrent Liabilities				
Bonds and notes payable	5,895	—	—	5,895
Pension	14,613	—	—	14,613
Unearned revenue	8,732	—	—	8,732
Payable from restricted assets				
Bonds and notes payable	—	190,633	729,563	920,196
Total Noncurrent Liabilities	29,240	190,633	729,563	949,436
Total Liabilities	176,883	197,913	760,535	1,135,331
Deferred Inflows of Resources				
Refunding of debt	—	—	2,292	2,292
Pension	158	—	—	158
Total Deferred Inflows of Resources	158	—	2,292	2,450
Net Position				
Net investment in capital assets	1,426	—	—	1,426
Restricted	325,087	19,536	152,210	496,833
Unrestricted, including designated balances	257,959	—	—	257,959
Total Net Position	$ 584,472	$ 19,536	$ 152,210	$ 756,218

COMBINING STATEMENT OF NET POSITION
MULTIFAMILY BOND - FINANCED PROGRAMS
June 30, 2017
(In Thousands)

	Multifamily (2000 Indenture)	Multifamily (2014 Indenture)	Other Multifamily (Conduit Debt)	Total
Assets				
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	$ 12,397	$ 3,668	$ —	$ 16,065
Investments	5,152	2,495	—	7,647
Mortgage investments	82,623	42,157	68,292	193,072
Accrued interest receivable	434	222	—	656
Total Noncurrent Assets	100,606	48,542	68,292	217,440
Total Assets	100,606	48,542	68,292	217,440
Deferred Outflows of Resources				
Refunding of debt	—	9	—	9
Total Deferred Outflows of Resources	—	9	—	9
Liabilities				
Current Liabilities - Payable from Restricted Assets				
Bonds and notes payable	2,815	1,375	1,139	5,329
Accrued interest payable	1,811	140	—	1,951
Total Current Liabilities - Payable from Restricted Assets	4,626	1,515	1,139	7,280
Noncurrent Liabilities				
Bonds and notes payable	82,596	40,884	67,153	190,633
Total Noncurrent Liabilities	82,596	40,884	67,153	190,633
Total Liabilities	87,222	42,399	68,292	197,913
Net Position				
Restricted	13,384	6,152	—	19,536
Total Net Position	$ 13,384	$ 6,152	$ —	$ 19,536

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF NET POSITION
SINGLE FAMILY BOND - FINANCED PROGRAMS
June 30, 2017
(In Thousands)

	Homeownership (1995 Indenture)	Special Homeownership (2009 Indenture)	First Place Homeownership (2015 Indenture)	Total
Assets				
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	$ 9,620	$ 13,081	$ 30,677	$ 53,378
Investments	14,209	—	—	14,209
Mortgage investments	54,347	327,838	462,405	844,590
Accrued interest receivable	229	1,083	1,531	2,843
Accounts receivable - other	17	—	—	17
Total Noncurrent Assets	78,422	342,002	494,613	915,037
Total Assets	78,422	342,002	494,613	915,037
Liabilities				
Current Liabilities - Payable from Restricted Assets				
Bonds and notes payable	2,808	12,138	12,562	27,508
Accrued interest payable	425	1,192	1,808	3,425
Accounts payable	39	—	—	39
Total Current Liabilities - Payable from Restricted Assets	3,272	13,330	14,370	30,972
Noncurrent Liabilities				
Payable from restricted assets				
Bonds and notes payable	29,014	290,389	410,160	729,563
Total Noncurrent Liabilities	29,014	290,389	410,160	729,563
Total Liabilities	32,286	303,719	424,530	760,535
Deferred Inflows of Resources				
Refunding of debt	—	1,562	730	2,292
Total Deferred Inflows of Resources	—	1,562	730	2,292
Net Position				
Restricted	46,136	36,721	69,353	152,210
Total Net Position	$ 46,136	$ 36,721	$ 69,353	$ 152,210

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017
(In Thousands)

		Bond-Financed Programs		
	Operating	Multifamily	Single Family	Total
Operating Revenues				
Interest and investment income				
Income - mortgage investments	$ 7,799	$ 7,050	$ 33,149	$ 47,998
Income - investments	5,299	289	270	5,858
Net increase (decrease) in fair value of investments	(6,044)	(763)	(22,390)	(29,197)
Total interest and investment income	7,054	6,576	11,029	24,659
Income - MBS sales	960	—	—	960
Administration fees	5,872	—	—	5,872
Other income	6,681	4	2,033	8,718
Federal program income	157,970	—	—	157,970
Total Operating Revenues	178,537	6,580	13,062	198,179
Operating Expenses				
Interest expense on bonds	505	5,352	22,784	28,641
Bond debt expense and other fees	66	62	2,367	2,495
Compensation	10,445	—	—	10,445
General and administrative expenses	4,252	—	—	4,252
Provision for loan losses	100	—	—	100
Rent and other subsidy payments	2,197	—	—	2,197
Missouri Housing Trust Fund grants	2,837	—	—	2,837
Federal program expenses	152,572	—	—	152,572
Total Operating Expenses	172,974	5,414	25,151	203,539
Change in Net Position	5,563	1,166	(12,089)	(5,360)
Net Position - Beginning of Year	572,138	19,313	170,127	761,578
Interfund Transfers	6,771	(943)	(5,828)	—
Net Position - End of Year	$ 584,472	$ 19,536	$ 152,210	$ 756,218

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MULTIFAMILY BOND - FINANCED PROGRAMS
For The Year Ended June 30, 2017
(In Thousands)

	Multifamily (2000 Indenture)	Multifamily (2014 Indenture)	Other Multifamily (Conduit Debt)	Total
Operating Revenues				
Interest and investment income				
Income - mortgage investments	$ 4,583	$ 2,467	$ —	$ 7,050
Income - investments	195	94	—	289
Net increase (decrease) in fair value of investments	(524)	(239)	—	(763)
Total interest and investment income	4,254	2,322	—	6,576
Other income	4	—	—	4
Total Operating Revenues	4,258	2,322	—	6,580
Operating Expenses				
Interest expense on bonds	3,575	1,777	—	5,352
Bond debt expense and other fees	55	7	—	62
Total Operating Expenses	3,630	1,784	—	5,414
Change in Net Position	628	538	—	1,166
Net Position - Beginning of Year	12,983	6,330	—	19,313
Interfund Transfers	(227)	(716)	—	(943)
Net Position - End of Year	$ 13,384	$ 6,152	$ —	$ 19,536

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SINGLE FAMILY BOND - FINANCED PROGRAMS
For The Year Ended June 30, 2017
(In Thousands)

	Homeownership (1995 Indenture)	Special Homeownership (2009 Indenture)	First Place Homeownership (2015 Indenture)	Total
Operating Revenues				
Interest and investment income				
Income - mortgage investments	$ 4,558	$ 14,086	$ 14,505	$ 33,149
Income - investments	250	3	17	270
Net increase (decrease) in fair value of investments	(6,338)	(11,366)	(4,686)	(22,390)
Total interest and investment income	(1,530)	2,723	9,836	11,029
Other income	251	754	1,028	2,033
Total Operating Revenues	(1,279)	3,477	10,864	13,062
Operating Expenses				
Interest expense on bonds	2,867	9,667	10,250	22,784
Bond debt expense and other fees	117	360	1,890	2,367
Total Operating Expenses	2,984	10,027	12,140	25,151
Change in Net Position	(4,263)	(6,550)	(1,276)	(12,089)
Net Position - Beginning of Year	64,789	47,022	58,316	170,127
Interfund Transfers	(14,390)	(3,751)	12,313	(5,828)
Net Position - End of Year	$ 46,136	$ 36,721	$ 69,353	$ 152,210