MISSOURI HOUSING
DEVELOPMENT COMMISSION

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Contents

RubinBrown LLP
Certified Public Accountants
& Business Consultants

One Kansas City Place
1200 Main Street
Suite 1000
Kansas City, MO 64105

T 816.472.1122

W rubinbrown.com
E info@rubinbrown.com

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, 2019 and 2018, 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, 2018 and 2019, 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, schedules of Commission's proportionate share of the net pension and OPEB liability and schedules of Commission's contributions on pages 4 through 14 and 61 and 62 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 10, 2019

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, 2019 and 2018. 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 manages other programs related to its housing finance activities, including administering the Missouri Housing Trust Fund, the Missouri Affordable Housing Assistance Program and the housing tax credits for the State. The Commission also administers federal and other assistance programs, including the HOME Investment Partnerships Program (HOME) 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.

2019 Financial Highlights

- Total assets were 2.0 billion, an increase of 6.7% from June 30, 2018. The increase primarily reflects growth in single family mortgage investments for which new production exceeded loan paydowns and prepayments.

- Fiscal year 2019 mortgage investment purchases and originations totaled $253.6 million as compared to $208.8 million in fiscal year 2018. Principal repayments on mortgage assets totaled $170.0 million in fiscal year 2019 as compared to $171.3 million in principal repayments in fiscal year 2018.

- Revenue bonds issued totaled $190.0 million in fiscal year 2019 and totaled $162.7 million in fiscal year 2018.

- Total revenues were $253.3 million in fiscal year 2019. Excluding the net change in fair value of investments, total revenues were stable at $231.1 million in fiscal year 2019, representing a 0.8% decrease from fiscal year 2018. Revenues from federal and other assistance programs were $156.0 million in fiscal year 2019 as compared to $159.8 million in fiscal year 2018.

- Net operating income, excluding the net change in fair value of investments, was $23.8 million in fiscal year 2019 as compared to $26.9 million in fiscal year 2018. Excluding federal and other assistance programs and the net change in fair value of investments, net operating income was $21.3 million in fiscal year 2019 as compared to $20.6 million in fiscal year 2018.

- Net position increased $46.1 million (6.2%) as of June 30, 2019. Excluding the change in fair value of investments, net position increased $21.1 million (2.8%) as of June 30, 2019.

2018 Financial Highlights

- Total assets were $1.9 billion, remaining level at a 0.37% increase from June 30, 2017. The asset base reflects some decrease in multifamily bond financed mortgage investments and an increase in single family mortgage investments for which new production exceeded loan paydowns and prepayments.

- Fiscal year 2018 mortgage investment purchases and originations totaled $208.8 million as compared to $252.4 million in fiscal year 2017. Principal repayments on mortgage assets totaled $171.3 million in fiscal year 2018 as compared to $194.4 million in principal repayments and proceeds from sale of mortgage assets in fiscal year 2017.

- Revenue bonds issued totaled $162.7 million in fiscal year 2018 and totaled $217.4 million in fiscal year 2017.

- Total revenues were $193.1 million in fiscal year 2018. Excluding the net change in fair value of investments, total revenues were $232.9 million in fiscal year 2018, representing an increase of 2.4% from fiscal year 2017. Revenues from federal and other assistance programs were $159.8 million in fiscal year 2018 as compared to $158.0 million in fiscal year 2017.

- Net operating income, excluding the net change in fair value of investments, was $26.9 million in fiscal year 2018 as compared to $23.8 million in fiscal year 2017. Excluding federal and other assistance programs and the net change in fair value of investments, net operating income was $20.6 million in fiscal year 2018 as compared to $18.4 million in fiscal year 2017.

- Net position decreased $12.8 million (1.7%) as of June 30, 2018. Excluding the change in fair value of investments, net position increased $24.3 million (3.4%) as of June 30, 2018.

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 February 21, 2019.

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, 2019, 2018 and 2017.

Condensed Summary of Net Position (In Thousands)

	June 30,			$ change	
	2019	2018	2017	2019 - 2018	2018 - 2017
Assets					
Current assets	$ 66,073	$ 58,747	$ 44,506	$ 7,326	$ 14,241
Restricted investments	217,304	198,830	203,029	18,474	(4,199)
Restricted mortgage investments	1,358,795	1,279,806	1,285,327	78,989	(5,521)
Other restricted assets	85,656	93,545	84,664	(7,889)	8,881
Capital assets	1,571	1,536	1,426	35	110
Other	293,308	263,075	269,657	30,233	(6,582)
Total Assets	2,022,707	1,895,539	1,888,609	127,168	6,930
Deferred Outflows of Resources	5,051	5,961	5,620	(910)	341
Liabilities					
Current liabilities	61,587	37,891	32,187	23,696	5,704
Current liabilities - payable from restricted assets	166,072	156,835	153,708	9,237	3,127
Long-term bonds and notes payable	982,069	935,410	926,091	46,659	9,319
Other	30,651	30,916	29,029	(265)	1,887
Total Liabilities	1,240,379	1,161,052	1,141,015	79,327	20,037
Deferred Inflows of Resources	3,335	2,469	2,450	866	19
Net Position					
Net investment in capital assets	1,571	1,536	1,426	35	110
Restricted	511,631	483,711	496,833	27,920	(13,122)
Unrestricted	270,842	252,732	252,505	18,110	227
Total Net Position	$ 784,044	$ 737,979	$ 750,764	$ 46,065	$ (12,785)

The Commission implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense. As a result of the implementation, the financial information as of June 30, 2017 was restated to include the following (in thousands).

Deferred outflows (deferred OPEB expense)	$ 230
Net OPEB liability*	(5,684)
Unrestricted net position (prior period adjustment)	$(5,454)

*included in Other Liabilities

Investments

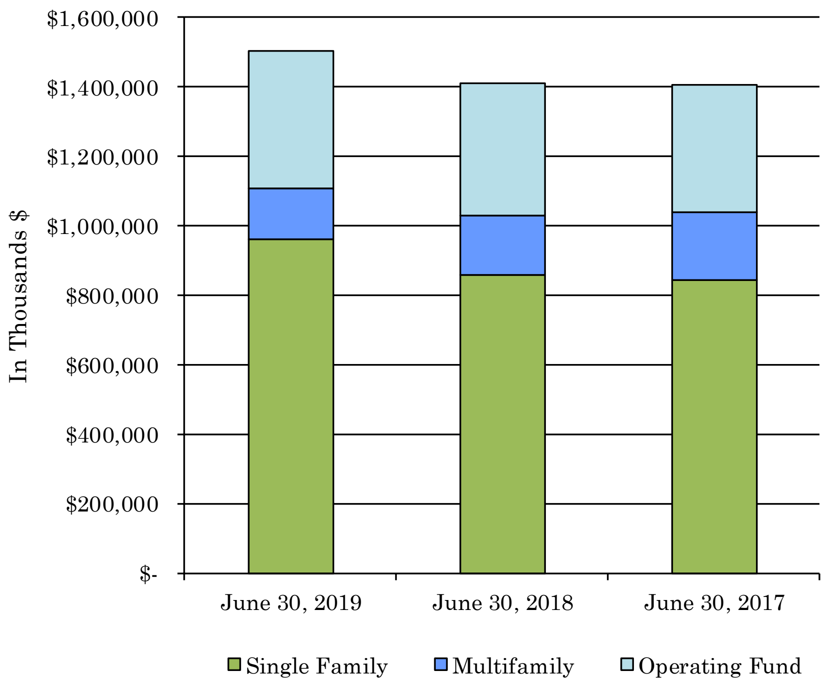
Investments consist of U.S. government and agency fixed rate securities. The Commission's investment policy emphasizes preservation of principal. At June 30, 2019, the Commission had $410.4 million in investments as compared to $371.8 million at June 30, 2018 and $376.5 million at June 30, 2017.

Mortgage Investments

The Commission's mortgage investments increased 6.6% during fiscal year 2019. Mortgage investments comprised 74.4% of the Commission's total assets at June 30, 2019 as compared to 74.5% at both June 30, 2018 and June 30, 2017. Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) mortgage-backed securities (MBS) comprise 67.6% of the Commission's mortgage investments at June 30, 2019, compared to 63.4% at June 30, 2018 and 62.7% at June 30, 2017. In fiscal year 2019 new loans totaled $253.6 million, with prepayment activity and change in fair value resulting in a net increase of $92.8 million in the mortgage investment portfolio. The Commission's loan portfolio is low-risk, with all of the bond-financed homeownership loan investment portfolio being GNMA, Fannie Mae and Freddie Mac MBS and its bond-financed multifamily loan portfolio, excluding conduit debt, backed by Federal Housing Administration (FHA) insurance, including Risk-Share loans. The Commission's loan loss reserve was 2.8% of total mortgage investments at June 30, 2019 as compared to 3.0% at both June 30, 2018 and June 30, 2017, which is allocated to uninsured loans, Risk-Share loans and related accrued interest on such loans.

The composition of mortgage investments among operating fund loans, multifamily bond-financed programs and single family bond-financed programs at June 30, 2019, 2018 and 2017 is depicted in the following chart:

Mortgage Investments



The Commission's operating fund mortgage investments include mortgage-backed securities and loans financed with fund balances (net position) and Federal Home Loan Bank (FHLB) advances. These mortgage investments total $190.7 million at June 30, 2019, as compared to $176.9 million at June 30, 2018 and $166.3 million at June 30, 2017. The operating fund mortgage investments also include loans financed by the federal HOME program totaling $219.7 million at June 30, 2019, as compared to $220.7 million at June 30, 2018 and $216.9 million at June 30, 2017. In addition, the operating fund loans at June 30, 2019 include $28.0 million in loans financed by the federal Tax Credit Assistance Program (TCAP), as compared to $28.4 million at June 30, 2018 and $28.8 million at June 30, 2017.

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 $112.9 million at June 30, 2019, $119.1 million at June 30, 2018 and $128.9 million at June 30, 2017. The Commission's multifamily loan portfolio also includes conduit loans, which totaled $39.8 million at June 30, 2019, $53.8 million at June 30, 2018 and $68.3 million at June 30, 2017. 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 $226.5 million, $168.8 million and $194.9 million in fiscal years 2019, 2018 and 2017, respectively.

The Commission finances eligible homebuyers, including non-first time homebuyers, with mortgage loans (Next Step program) 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 totaled $36.5 million in fiscal year 2019, $79.4 million in fiscal year 2018 and $55.9 million in fiscal year 2017.

Debt

At June 30, 2019, the Commission had $1.1 billion in bonds and notes outstanding as compared to $1.0 billion outstanding at June 30, 2018 and $987.3 million outstanding at June 30, 2017. 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 $51.9 million outstanding at June 30, 2019 as compared to $34.3 million at June 30, 2018 and $28.3 million at June 30, 2017.

The increase in debt during fiscal year 2019 resulted from additional FHLB advance funding and new debt issuances which exceeded principal payments and redemptions. During fiscal year 2019, new debt issued included three single family mortgage revenue bonds, which totaled $190.0 million. 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 Obligations, 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 39.0% at June 30, 2019 as compared to 40.3% at June 30, 2018 and 40.2% at June 30, 2017. Excluding unrealized gains and losses, net position was $766.0 million at June 30, 2019, $744.8 million at June 30, 2018 and $720.5 million at June 30, 2017, representing growth of 2.8% in fiscal year 2019 and 3.4% in fiscal year 2018. 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 $229.8 million at June 30, 2019, $224.2 million at June 30, 2018 and $221.0 million at June 30, 2017. 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 2019, 2018 and 2017.

				$ change	
	2019	2018	2017	2019 - 2018	2018 - 2017
Operating Revenues					
Interest and investment income	$ 82,458	$ 16,794	$ 24,659	$ 65,664	$ (7,865)
Grants and federal assistance	156,001	159,832	157,970	(3,831)	1,862
Other	14,871	16,524	15,550	(1,653)	974
Total Operating Revenues	253,330	193,150	198,179	60,180	(5,029)
Operating Expenses					
Interest expense	30,994	29,428	28,641	1,566	787
Compensation and administrative expenses	14,738	15,260	14,697	(522)	563
Grants and federal assistance	153,501	153,497	152,572	4	925
Other	8,032	7,750	7,629	282	121
Total Operating Expenses	207,265	205,935	203,539	1,330	2,396
Change in Net Position	$ 46,065	$ (12,785)	$ (5,360)	$ 58,850	$ (7,425)

The Commission continues to exhibit healthy financial activity. Total revenues fluctuated primarily due to changes in fair value with an overall increase during fiscal 2019 and decrease during fiscal year 2018. Excluding the effects of fair value reporting:

- Revenues totaled $231.1 million, $232.9 million and $227.4 million in fiscal years 2019, 2018 and 2017, respectively.

- The change in net position was an increase of $21.1 million in fiscal year 2019, $24.3 million in fiscal year 2018 and $17.4 million in fiscal year 2017, demonstrating continued financial strength.
- The return on average equity and the return on average assets, excluding conduit bond-financed assets, were 2.8% and 1.1%, respectively for fiscal year 2019. This compares to 3.3% and 1.3%, respectively, for fiscal year 2018 and 2.4% and 1.0%, respectively, for fiscal year 2017.

Revenues

Interest and investment income totaled $82.5 million in fiscal year 2019 as compared to $16.8 million in fiscal year 2018 and $24.7 million in fiscal year 2017. This income includes a fair value increase of $22.2 million in fiscal year 2019, a fair value decrease of $39.7 million in fiscal year 2018 and a fair value decrease of $29.2 million in fiscal year 2017. 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 $60.2 million in fiscal year 2019 (a 6.5% increase in fiscal year 2019), as compared to $56.5 million in fiscal year 2018 and $53.9 million in fiscal year 2017 (an increase of 5.0% in fiscal year 2018). 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 $6.0 million, $6.0 million and $5.9 million in administration fee income for fiscal years 2019, 2018 and 2017, respectively. These fees are predominantly related to the Commission's administration of federal programs. In addition, other operating revenues included $714,000 in fiscal year 2019, $1.6 million in fiscal year 2018 and $960,000 in fiscal year 2017 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 and other assistance program revenues and expenses represent activity related to projects funded by HUD (including Project-Based Section 8 and HOME) and other housing programs. These revenues totaled $156.0 million in fiscal year 2019 as compared to $159.8 million in fiscal year 2018 and $158.0 million in fiscal year 2017 while expenses incurred were $153.5 million in fiscal year 2019, $153.5 million in fiscal year 2018 and $152.6 million in fiscal year 2017. Grant revenues in fiscal year 2019 decreased primarily due to a decrease in HOME program funding. Grant revenues in fiscal year 2018 increased primarily due to an increase in Project-Based Section 8 assistance. Related grant expenses increased in fiscal year 2018 reflecting the increase in Project-Based Section 8 assistance offset by a decrease in HOME grant assistance as compared to fiscal year 2018. The Project-Based Section 8 revenues totaled $147.0 million, $148.6 million and $145.7 million in fiscal years 2019, 2018 and 2017, respectively. HOME funding has varied reflecting timing of awards and disbursements and totaled $5.2 million in fiscal year 2019 as compared to $8.8 million in fiscal year 2018 and $9.7 million in fiscal year 2017. These programs, along with tax credit programs, are integral to the Commission's achievement of its objectives. The Commission continues to effectively use federal government and other 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 $31.0 million for fiscal year 2019 as compared to $29.4 million for fiscal year 2018 (an increase of 5.3% in fiscal year 2019) and $28.6 million in fiscal year 2017 (an increase of 2.8% in fiscal 2018). The fiscal year 2019 increase is due primarily to increased bonds outstanding.

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 2019 as compared to $15.3 million in fiscal year 2018 and $14.7 million in fiscal year 2017. Fiscal year 2019 costs include pension benefit costs of $2.9 million as compared to $2.9 million in fiscal year 2018 and $2.3 million in fiscal year 2017. Excluding the net change in the fair value of investments, operating costs represented 6.4% of revenues in fiscal year 2019 as compared to 6.6% of revenue in fiscal year 2018 and 6.5% of revenues in fiscal year 2017.

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.

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, 2019	2018
Assets		
Current Assets		
Cash and cash equivalents	**$ 14,691**	$ 12,683
Investments	**26,921**	24,896
Mortgage investments	**19,404**	18,138
Accrued interest receivable	**2,493**	2,182
Accounts receivable - other	**2,168**	762
Prepaid expenses	**396**	86
Total Current Assets	**66,073**	58,747
Noncurrent Assets		
Restricted assets		
Cash and cash equivalents	**80,789**	89,071
Investments	**217,304**	198,830
Mortgage investments	**1,358,795**	1,279,806
Accrued interest receivable	**4,867**	4,466
Accounts receivable - other	**—**	8
Total restricted assets	**1,661,755**	1,572,181
Investments	**166,193**	148,042
Mortgage investments, net of current portion and allowances for loan losses of $42,238 and $42,271, respectively	**127,115**	114,536
Accounts receivable - other	**—**	497
Capital assets, less accumulated depreciation of $3,644 and $3,251, respectively	**1,571**	1,536
Total Noncurrent Assets	**1,956,634**	1,836,792
Total Assets	**2,022,707**	1,895,539
Deferred Outflows of Resources		
Refunding of debt	**8**	8
Pension	**4,644**	5,572
Other Postemployment Benefits (OPEB)	**399**	381
Total Deferred Outflows of Resources	**5,051**	5,961

MISSOURI HOUSING DEVELOPMENT COMMISSION

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

	June 30, 2019	June 30, 2018
Liabilities		
Current Liabilities		
Bonds and notes payable	**$ 57,781**	$ 34,292
Accrued interest payable	**168**	152
Accounts payable	**2,240**	2,053
Unearned revenue	**1,398**	1,394
Total Current Liabilities	**61,587**	37,891
Current Liabilities - Payable from Restricted Assets		
Bonds and notes payable	**32,896**	31,760
Accrued interest payable	**5,973**	5,430
Escrow deposits	**126,763**	119,178
Rent subsidies and other payables	**339**	334
Accounts payable	**101**	133
Total Current Liabilities - Payable from Restricted Assets	**166,072**	156,835
Noncurrent Liabilities		
Bonds and notes payable	**—**	5,895
Pension	**16,698**	16,355
Other Postemployment Benefits (OPEB)	**5,686**	6,042
Unearned revenue	**8,267**	8,519
Payable from restricted assets		
Bonds and notes payable	**982,069**	929,515
Total Noncurrent Liabilities	**1,012,720**	966,326
Total Liabilities	**1,240,379**	1,161,052
Deferred Inflows of Resources		
Refunding of debt	**1,991**	2,128
Pension	**824**	329
Other Postemployment Benefits (OPEB)	**520**	12
Total Deferred Inflows of Resources	**3,335**	2,469
Net Position		
Net investment in capital assets	**1,571**	1,536
Restricted	**511,631**	483,711
Unrestricted, including designated balances	**270,842**	252,732
Total Net Position	**$ 784,044**	$ 737,979

MISSOURI HOUSING DEVELOPMENT COMMISSION

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

	For the Years Ended June 30, 2019	2018
Operating Revenues		
Interest and investment income		
Income - mortgage investments	**$ 51,505**	$ 48,530
Income - investments	**8,705**	7,994
Net increase (decrease) in fair value of investments	**22,248**	(39,730)
Total interest and investment income	**82,458**	16,794
Income - MBS sales	**714**	1,620
Administration fees	**6,038**	5,951
Other income	**8,119**	8,953
Federal program income	**156,001**	159,832
Total Operating Revenues	**253,330**	193,150
Operating Expenses		
Interest expense on bonds	**30,994**	29,428
Bond debt expense and other fees	**2,464**	2,332
Compensation	**10,666**	10,889
General and administrative expenses	**4,072**	4,371
Rent and other subsidy payments	**1,938**	2,113
Missouri Housing Trust Fund grants	**3,630**	3,305
Federal program expenses	**153,501**	153,497
Total Operating Expenses	**207,265**	205,935
Change in Net Position	**46,065**	(12,785)
Net Position - Beginning of Year	**737,979**	750,764
Net Position - End of Year	**$ 784,044**	$ 737,979

See the notes to the financial statements.

MISSOURI HOUSING DEVELOPMENT COMMISSION

STATEMENT OF CASH FLOWS
(In Thousands)

	For the Years Ended June 30, 2019	2018
Cash Flows from Operating Activities		
Interest received on mortgage investments	**$ 51,053**	$ 48,584
Fees, charges and other	**8,983**	10,796
Principal repayments on mortgage loans	**169,983**	171,341
Disbursements of mortgage loans	**(253,562)**	(208,798)
Federal revenue	**156,001**	159,832
Federal expenses	**(153,501)**	(153,497)
Collection of compliance and origination fees	**4,739**	5,491
Cash payments for compensation, administrative and other costs	**(12,600)**	(13,755)
Other operating payments	**(8,027)**	(7,743)
Net Cash Provided by (Used in) Operating Activities	**(36,931)**	12,251
Cash Flows from Noncapital Financing Activities		
Retirement of principal on bonds and notes	**(314,636)**	(294,987)
Proceeds from issuance of bonds and notes	**389,889**	312,601
Interest paid on bonds and notes	**(34,541)**	(32,935)
Change in escrow deposits	**7,585**	4,616
Net Cash Provided by (Used in) Noncapital Financing Activities	**48,297**	(10,705)
Cash Flows Used in Capital and Related Financing Activities		
Payments for capital assets	**(428)**	(459)
Cash Flows from Investing Activities		
Purchases of investments	**(118,457)**	(73,837)
Proceeds from maturities and sales of investments	**92,800**	71,065
Interest received on investments	**8,445**	7,763
Net Cash Provided by (Used in) Investing Activities	**(17,212)**	4,991
Net Increase (Decrease) in Cash and Cash Equivalents	**(6,274)**	6,078
Cash and Cash Equivalents - Beginning of Year	**101,754**	95,676
Cash and Cash Equivalents - End of Year	**$ 95,480**	$ 101,754

MISSOURI HOUSING DEVELOPMENT COMMISSION

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

	For the Years Ended June 30, 2019	2018
Reconciliation of Increase (Decrease) in Net Position to Net Cash Provided by (Used in) Operating Activities		
Increase (decrease) in net position	**$ 46,065**	$ (12,785)
Adjustments to reconcile increase (decrease) in net position to net cash provided by (used in) operating activities		
Depreciation	**393**	349
Net (increase) decrease in fair value of investments	**(22,248)**	39,730
Compliance and origination fee receipts	**1,448**	1,579
Amortization of unearned revenue	**(1,696)**	(1,740)
Income - investments	**(8,705)**	(7,994)
Net change in mortgage loans	**(83,579)**	(37,457)
Interest expense related to bonds and other debt	**30,994**	29,428
Change in deferred outflows related to pensions and OPEB	**910**	(341)
Change in deferred inflows related to pensions and OPEB	**1,003**	182
Change in assets and liabilities		
Increase in accounts receivable	**(901)**	(76)
Decrease (increase) in accrued mortgage interest receivable	**(452)**	54
Decrease (increase) in prepaid expenses	**(310)**	10
Increase (decrease) in accounts payable	**160**	(788)
Increase (decrease) in pension and OPEB liabilities	**(13)**	2,100
Net Cash Provided by (Used in) Operating Activities	**$ (36,931)**	$ 12,251

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, 2019, the Commission had $38,753,000 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 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 and other assistance 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 and other assistance 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, 2019 cash equivalents consisted primarily of money market funds, a Federal Home Loan Bank (FHLB) daily time account 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, 2019, the net increase in fair value of investments was $22,248,000 and for the year ended June 30, 2018, the net decrease in fair value of investments was $39,730,000.

Mortgage Investments

Proceeds from the sale of bonds, resources provided in the Commission's warehousing program and available net position are used to make mortgage loans and to purchase mortgage-backed securities. The mortgage back securities are 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 are 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 effective interest method or the outstanding bond method, which approximates the effective interest method.

Capital Assets

Capital assets are stated at cost less accumulated depreciation and consist of leasehold improvements, software, office furniture and equipment. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from two 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.

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.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Retiree Welfare Benefit Trust (SRWBT) administered by the Missouri Consolidated Health Care Plan (MCHCP) and additions to and deductions from the SRWBT fiduciary net position have been determined on the same basis as they are reported by MCHCP. 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, and other organizations are recognized as operating revenue as the related expenditures are incurred.

Debt Refunding

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

New Accounting Standard

For fiscal year ended June 30, 2018, the Commission implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense. As a result of the implementation, net position as of July 1, 2017 was restated as follows (in thousands):

Net position, as previously reported	$ 756,218
Prior period adjustments	
Net OPEB liability (measurement date of June 30, 2016)	(5,684)
Deferred outflows	
Contributions during the fiscal year ended June 30, 2017	230
Total prior period adjustment	(5,454)
Net position, as restated	$ 750,764

Reclassifications

Certain 2018 amounts have been reclassified, where appropriate, to conform to the 2019 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 $6,571,000 and $7,031,000 at June 30, 2019, and 2018, respectively, which are insured by HUD's Federal Housing Administration (FHA) programs or guaranteed by the Veterans Administration (VA). These insured loans include $6,344,000 and $6,396,000 at June 30, 2019 and 2018, 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 facilities 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, 2019 and 2018 is as follows (in thousands):

	2019		2018	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Cash and cash equivalents				
Cash	$ 23,592	$ 23,592	$ 24,651	$ 24,651
FHLB daily time accounts	245	245	295	295
Money market funds	70,148	70,148	72,819	72,819
U.S. Treasury bills	1,495	1,495	3,981	3,989
Total cash and cash equivalents	$ 95,480	$ 95,480	$ 101,746	$ 101,754
Investments				
U.S. Treasury bonds and notes and agency obligations	$ 407,927	$ 410,418	$ 382,002	$ 371,768
Total investments	407,927	410,418	382,002	371,768
Total cash and cash equivalents and investments	$ 503,407	$ 505,898	$ 483,748	$ 473,522

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, 2019, 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, 2019, 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, 2019 and 2018, the Commission had the following investments and maturities (in thousands):

June 30, 2019

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**	**More Than 10**
U.S. Treasury securities	$ 31,224	$ 23,204	$ 637	$ 1,208	$ 6,175
U.S. agency securities	379,194	44,667	208,256	126,271	—
Total investments	$ 410,418	$ 67,871	$ 208,893	$ 127,479	$ 6,175

June 30, 2018

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**	**More Than 10**
U.S. Treasury securities	$ 18,895	$ 11,356	$ —	$ 609	$ 6,930
U.S. agency securities	352,873	36,948	199,773	116,152	—
Total investments	$ 371,768	$ 48,304	$ 199,773	$ 116,761	$ 6,930

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, 2019, as reported at fair value, the Commission's U.S. agency securities consist of $167,516,000 Federal Farm Credit Bank (FFCB), $114,095,000 Federal Home Loan Bank (FHLB), $56,500,000 Fannie Mae, and $41,083,000 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 $410,418,000 and $371,768,000 as of June 30, 2019 and 2018, 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.

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, which includes money market funds and U.S. Treasury bills classified as cash equivalents at June 30, 2019:

Issuer	Percent of Total Investments
Federal Farm Credit Bank (FFCB)	34.7%
Federal Home Loan Bank (FHLB)	23.7%
Federal National Mortgage Association (Fannie Mae)	11.7%
Federal Home Loan Mortgage Corporation (Freddie Mac)	8.5%

Custodial Credit Risk

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

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 $18,978,000 at June 30, 2019 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, 2019 include $4,614,000 in a demand deposit account and $245,000 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 reported consist of the following as of June 30, 2019 and 2018 (in thousands):

	2019	2018
Total mortgage loan principal outstanding	**$ 529,818**	$ 559,374
Less: Allowance for mortgage loan losses	**(42,238)**	(42,271)
Mortgage loans, net	**487,580**	517,103
Total mortgage-backed securities, at cost	**1,002,134**	891,989
Unrealized gain on securitized mortgage loans	**15,600**	3,388
Mortgage-backed securities, at fair value	**1,017,734**	895,377
Mortgage investments, net	**$ 1,505,314**	$ 1,412,480

Mortgages include loans financed by the federal HOME Investment Partnerships Program (HOME) totaling $219,715,000 and $220,742,000 as of June 30, 2019 and 2018, respectively. A portion of these loans totaling $120,439,000 and $116,570,000 at June 30, 2019 and 2018, respectively, include prepayment terms allowing deferment or repayment based on net income of the multifamily developments. An estimated allowance for mortgage loan losses of $21,931,000 and $21,515,000 is attributable to this portfolio at June 30, 2019 and 2018, respectively. In addition, there were $44,692,000 in mortgages outstanding at both June 30, 2019 and June 30, 2018 that have continuing compliance requirements and convert to grants upon maturity and satisfaction of program requirements. Such mortgages are recognized as expenditures at the time of disbursement. At June 30, 2019 and 2018, mortgages also include $28,000,000 and $28,420,000, respectively, in loans financed by the federal Tax Credit Assistance Program (TCAP). An estimated allowance for mortgage loan losses of $3,769,000 and $3,818,000 is attributable to this portfolio at June 30, 2019 and 2018, 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 available net position. U.S. agency securities, which totaled $60,298,000 and $57,512,000 at June 30, 2019 and 2018, respectively, are pledged as collateral for the short-term FHLB advances. There were warehoused mortgage-backed securities totaling $57,028,000 and $35,488,000 held at June 30, 2019 and 2018, 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.

The Commission finances eligible homebuyers, including non-first time homebuyers, with mortgage loans (Next Step program) 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 mortgage-backed securities (MBS) delivered totaled $36,515,000 and $79,388,000 during fiscal year 2019 and 2018, respectively.

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 $112,874,000, representing 49 loans as of June 30, 2019 and $119,113,000, representing 50 loans as of June 30, 2018.

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, 2019 have stated interest rates ranging from 2.50% to 7.75%, while the underlying mortgages have stated interest rates ranging from 3.00% to 8.25%.

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, 2019, the par value of securitized mortgage loans consist of 88.6% GNMA, 10.5% Fannie Mae and 0.9% 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, 2019 and 2018 (in thousands):

	2019		2018	
	Carrying Value	Cost	Carrying Value	Cost
GNMA, Fannie Mae and Freddie Mac mortgage-backed securities	$ 1,017,734	$ 1,002,134	$ 895,377	$ 891,989
Other mortgage loans	529,818	529,818	559,374	559,374
Total mortgage investments	$ 1,547,552	$ 1,531,952	$ 1,454,751	$ 1,451,363

The Commission's recurring fair value measurements as of June 30, 2019 include the GNMA, Fannie Mae and Freddie Mac certificates totaling $1,017,734,000 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 Obligations

The following table provides a summary of the changes in long-term obligations for the year ended June 30, 2019 and 2018 (in thousands):

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Amount Due Within One Year
Publicly Sold Bonds					
Multifamily Bond-Financed Program (2000 Indenture)	$ 78,793	$ —	$ (5,946)	$ 72,847	$ 2,727
Multifamily Bond-Financed Program (2014 Indenture)	38,624	—	(3,929)	34,695	1,333
Homeownership Bond-Financed Program (1995 Indenture)	13,715	—	(4,925)	8,790	445
Special Homeownership Bond-Financed Program (2009 Indenture)	214,711	—	(40,692)	174,019	8,486
First Place Homeownership Bond-Financed Program (2015 Indenture)	513,030	190,000	(63,938)	639,092	18,365
Total Publicly Sold	858,873	190,000	(119,430)	929,443	31,356
Direct Borrowings and Direct Placements					
Operating Fund - Direct Borrowings	40,187	877,296	(859,702)	57,781	57,781
Other Multifamily Bond-Financed Programs (Conduit Debt)	53,816	—	(13,983)	39,833	849
Homeownership Bond-Financed Program (1995 Indenture)	3,247	—	(1,494)	1,753	52
Special Homeownership Bond-Financed Program (2009 Indenture)	24,840	—	(3,680)	21,160	—
Total Direct Borrowings and Direct Placements	122,090	877,296	(878,859)	120,527	58,682
Total bonds and notes payable	980,963	1,067,296	(998,289)	1,049,970	90,038
Unamortized premium and discount, net	20,499	6,245	(3,968)	22,776	639
Total bonds and notes payable, net	1,001,462	—	—	1,072,746	90,677
Unearned revenue	9,913	1,448	(1,696)	9,665	1,398
Total long-term debt and other obligations	$ 1,011,375	$ 1,448	$ (1,696)	$ 1,082,411	$ 92,075

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Amount Due Within One Year
Publicly Sold Bonds					
Multifamily Bond-Financed Program (2000 Indenture)	$ 85,086	$ —	$ (6,293)	$ 78,793	$ 2,751
Multifamily Bond-Financed Program (2014 Indenture)	42,259	—	(3,635)	38,624	1,365
Homeownership Bond-Financed Program (1995 Indenture)	24,690	—	(10,975)	13,715	595
Special Homeownership Bond-Financed Program (2009 Indenture)	268,603	—	(53,892)	214,711	11,203
First Place Homeownership Bond-Financed Program (2015 Indenture)	407,571	162,680	(57,221)	513,030	14,076
Total Publicly Sold	828,209	162,680	(132,016)	858,873	29,990
Direct Borrowings and Direct Placements					
Operating Fund - Direct Borrowings	34,223	537,930	(531,966)	40,187	34,292
Other Multifamily Bond-Financed Programs (Conduit Debt)	68,292	—	(14,476)	53,816	973
Homeownership Bond-Financed Program (1995 Indenture)	6,870	—	(3,623)	3,247	93
Special Homeownership Bond-Financed Program (2009 Indenture)	30,470	—	(5,630)	24,840	—
Total Direct Borrowings and Direct Placements	139,855	537,930	(555,695)	122,090	35,358
Total bonds and notes payable	968,064	700,610	(687,711)	980,963	65,348
Unamortized premium and discount, net	19,192	4,715	(3,408)	20,499	704
Total bonds and notes payable, net	987,256	705,325	(691,119)	1,001,462	66,052
Unearned revenue	10,074	1,579	(1,740)	9,913	1,394
Total long-term debt and other obligations	$ 997,330	$ 706,904	$ (692,859)	$ 1,011,375	$ 67,446

The net proceeds of bond issues for both publicly sold bonds and direct placements 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 bank trust departments in qualified investments until required for such financing. These bonds are obligations of the Commission payable from the mortgage investments and funds specifically pledged to the payment of the bonds and are not liabilities of the state of Missouri.

Multifamily bonds are secured by a pledge of the mortgages and mortgage loans, funds and investments held under each applicable indenture. The mortgage loans held by the 2000 and 2014 Indentures are insured by HUD, including HUD's Risk-Share Program. Single family bonds are secured by pledged mortgage-backed securities, funds and investments held under each applicable indenture. The pledged mortgage-backed securities consist of pools of mortgages originated in accordance with the Commission's loan programs and are guaranteed as to timely payment of principal and interest by GNMA, Fannie Mae or Freddie Mac.

Under the terms of the bond indentures, an event of default occurs if payment of principal or interest is not made when due or in the event the Commission does not comply with one or more covenants in or related to the bond indenture and fails to cure the noncompliance within specified timeframes. If an event of default is not resolved, the trustee can take actions to protect and enforce the rights of the bondholders, including enforcement of rights under the mortgages or mortgage-backed securities and declaring all applicable outstanding bonds due and payable.

A summary of bonds payable outstanding at June 30, 2019 and 2018 follows (in thousands), including the applicable calendar date reference for future maturities or final redemption:

	Original Amount Authorized	Outstanding 2019	Outstanding 2018
Multifamily Bond-Financed Program (2000 Indenture)			
2003 Series 8 Stratford Commons (4.80% to 5.20%), due 2020 - 2035	$ 4,385	$ 1,610	$ 1,670
2004 Series 5 FP-San Remo Apts. (5.00% to 5.45%), due 2020 - 2036	3,785	1,745	1,805
2005 Series 6 Ivanhoe Gardens Apts. (4.75% to 4.875%), due 2025 - 2036	4,240	1,955	2,025
2006 Series 1 Meadow Ridge Townhouses (4.75% to 5.00%), due 2025 - 2037	6,360	1,980	2,050
2006 Series 4 Justin Place Apts. (4.80% to 5.00%), due 2025 - 2042	5,640	1,875	1,915
2006 Series 5 Metropolitan Village Apts. (4.75% to 5.00%), due 2021 - 2038	5,960	4,660	4,805
2007 Series 1 Linden Campus Apts. (4.50% to 4.70%), due 2022 - 2048	3,980	1,740	1,780
2009 Series 1 Courthouse Apts. (4.00% to 5.25%), due 2019 - 2042	18,940	5,065	5,185
2010 Series 1 Basie Court Apts. (3.00% to 4.50%), due 2020 - 2042	4,967	1,276	1,310
2010 Series 2 Samantha Heights Apts. (3.50% to 4.75%), due 2019 - 2042	8,610	5,450	5,590
2010 Series 3 Wesley Senior Towers Apts. (3.50% to 5.125%), due 2019- 2042	5,395	2,515	2,575
2010 Series 4 Lucas Heights Apts. (4.05% to 5.40%), due 2020 - 2042	8,175	3,165	3,235
2010 Series 5 Grandview Estates (4.00% to 5.25%), due 2020 - 2042	3,531	896	918
2012 Series 1 Refunding Bonds (2.20% to 4.25%), due 2019-2038	42,740	18,115	19,120
2013 Series 1 Friendship Village (1.70% to 3.75%), due 2019 - 2045	6,555	2,970	3,050
2013 Series 2 Refunding Bonds (2.30% to 4.625%), due 2019-2040	15,560	9,405	13,155
2013 Series 3 Shepard Apts. (2.50% to 5.00%), due 2019-2045	12,030	6,775	6,915
2013 Series 4 House Springs Apts. (2.10% to 5.00%) due 2019-2045	2,555	1,650	1,690
	163,408	72,847	78,793
Less: Unamortized debt discount	—	(41)	(46)
Add: Unamortized debt premium	—	308	331
	163,408	73,114	79,078

	Original Amount Authorized	Outstanding 2019	Outstanding 2018
Multifamily Bond - Financed Program (2014 Indenture)			
2014 Series 1 Refunding Bonds (4.20%), due 2040	$ 23,742	$ 14,218	$ 14,756
2015 Series 1 Refunding Bonds (3.75%), due 2042	12,120	8,274	11,255
2015 Series 2 Refunding Bonds (3.875%), due 2036	13,654	12,203	12,613
	49,516	34,695	38,624
Other Multifamily Bond - Financed Programs (Conduit Debt) - Direct Placements			
Series 1999 O'Fallon Place Apts. (5.20% to 5.25%), due 2020 - 2032*	6,710	—	4,390
Series 1999 East Hills Village Apts. (7.30%), due 2030	2,750	1,825	1,920
Series 2004 Bridgeport Apts. (6.60%), due 2041	6,580	5,648	5,754
2005 Series I-A Lakewood Apts. (5.25%), due 2035*	2,750	1,080	1,120
2005 Series IV Chapel Ridge of Blue Springs - Defeased August 2018	9,800	—	8,875
2006 Series I Bainbridge Apts. (5.75%), due 2019 - 2048	15,046	3,470	3,516
2006 Series II Georgian Court Apts. (5.75%), due 2019 - 2048	8,721	1,758	1,781
2006 Series III Linda Vista Apts. (5.75%), due 2019 - 2048	5,329	856	868
2006 Series VII Cedar Tree Apts. (5.73%), due 2026	2,500	1,544	1,573
2006 Series VIII Elmwood Estates Apts. (5.73%), due 2026	3,200	2,358	2,402
2006 Series IX Catalpa Tree Apts. (5.73%), due 2026	1,800	1,149	1,171
2006 Series X Center Apts. (5.73%), due 2026	1,900	1,068	1,089
2007 Series I Park Ridge Apts. (4.00%), due 2039	12,000	7,315	7,347
2007 Series II Mexico I Apts. (5.88%), due 2026	1,100	559	574
2007 Series III Princeton Manor Apts. (variable rate), due 2027	2,152	1,424	1,445
2007 Series IV Oakwood Terrace Apts. (variable rate), due 2027	970	702	712
2007 Series V Westside Apts. (variable rate), due 2027	2,400	762	780
2007 Series VI Longfellow Apts. (variable rate), due 2040	6,400	2,315	2,370
2011 Series I Brookstone Village (6.00%), due 2021	6,800	6,000	6,129
	98,908	39,833	53,816
Total Multifamily Bond - Financed Programs	311,832	147,642	171,518
Homeownership Bond – Financed Program (1995 Indenture)			
Publicly Sold Bonds:			
2009 Series A - Redeemed March 2019*	30,000	—	1,660
2009 Series C - Redeemed September 2019*	40,000	2,360	3,885
2009 Series D - Redeemed September 2019*	45,000	6,430	8,170
	115,000	8,790	13,715
Direct Placements:			
2008 Series C-4 (5.06%), due 2039*, **	10,000	1,202	1,501
2009 Series B-1 (4.63%), due 2040*, **	10,000	—	1,016
2009 Series B-2 (4.64%), due 2040*, **	5,000	551	730
	25,000	1,753	3,247
	140,000	10,543	16,962
Add: Unamortized debt premium	—	67	96
	140,000	10,610	17,058

	Original Amount Authorized	Outstanding 2019	Outstanding 2018
Special Homeownership Bond - Financed Program (2009 Indenture)			
Publicly Sold Bonds:			
2009 Series E-1 Market Bonds (3.70% to 5.00%), due 2019 - 2027*	$ 40,000	$ 1,540	$ 3,245
2009 Series E-2 Market Bonds (3.05% to 4.50%), due 2019 - 2027*	40,000	2,975	4,995
2009 Series E-3 Market Bonds (3.80% to 4.625%), due 2019 - 2028*	40,000	6,260	8,615
2009 Series E-4 Market Bonds (2.80% to 4.25%), due 2019- 2030*	50,000	13,585	17,460
2013 Series A (2.65%) due 2040*	45,220	14,750	17,040
2013 Series B (2.65%) due 2041*	54,010	17,080	20,730
2013 Series C (2.65%) due 2040*	47,840	18,245	20,620
2013 Series D (2.55%) due 2034*	44,924	12,723	15,291
2014 Series A (1.60% to 4.00%), due 2019 - 2041*	50,000	25,620	31,465
2014 Series B (1.45% to 4.00%), due 2019 - 2040*	50,000	29,725	34,885
2014 Series C (2.97%), due 2036*	40,579	14,009	18,355
2016 Series C (2.40%), due 2044*	31,503	17,507	22,010
	534,076	174,019	214,711
Direct Placement:			
2009 Series E-4 Program Bonds (2.49%), due 2041*	50,000	21,160	24,840
	584,076	195,179	239,551
Add: Unamortized debt premium	—	1,905	2,596
	584,076	197,084	242,147
First Place Homeownership Bond - Financed Program (2015 Indenture)			
2015 Series A (1.55% to 3.75%), due 2019 - 2038*	60,000	35,665	43,290
2015 Series B-1 (1.85% to 4.00%), due 2019 - 2045*	23,090	9,455	12,790
2015 Series B-2 (1.75% to 4.00%), due 2020 - 2045*	50,000	28,130	33,220
2015 Series C (1.40% to 4.00%), due 2019 - 2036*	56,000	35,035	41,780
2016 Series A-1 - Matured May 2019*	6,315	—	1,620
2016 Series A-2 (1.15% to 4.00%), due 2019 - 2040*	70,000	49,250	56,970
2016 Series B (.95% to 3.50%), due 2019 - 2041*	70,000	55,010	62,025
2016 Series D (3.40%), due 2046*	51,489	41,915	46,983
2017 Series A-1 (4.00%), due 2042*	14,400	12,435	13,480
2017 Series A-2 (1.20% to 4.00%), due 2019 - 2042*	50,000	37,810	43,655
2017 Series B (3.25%), due 2047*	54,241	45,644	50,439
2017 Series C (3.30%), due 2047*	53,939	49,403	52,278
2017 Series D (1.60% to 4.00%), due 2019 - 2047*	54,500	52,250	54,500
2018 Series A (1.60% to 4.25%), due 2019 - 2049*	55,000	52,975	—
2018 Series B (1.95% to 4.75%), due 2019 - 2049*	70,000	69,115	—
2019 Series A (1.60% to 4.25%), due 2019 - 2047*	65,000	65,000	—
	803,974	639,092	513,030
Less: Unamortized debt discount	—	(181)	(193)
Add: Unamortized debt premium	—	20,718	17,715
	803,974	659,629	530,552
Total Single Family Bond - Financed Programs	1,528,050	867,323	789,757
Total bonds payable, net	$ 1,839,882	$ 1,014,965	$ 961,275

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, secured by a mortgage and payable solely from payments made pursuant to the loan agreement. Payments on the bonds do not constitute a general obligation payable from funds of the Commission.

During the fiscal years ended June 30, 2019 and 2018, the Commission repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds. Net gains of $2,340,000 and $2,320,000 for the years ended June 30, 2019 and 2018, 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.

Direct Borrowings – Operating Fund

In addition to bonds payable, the Commission utilizes short-term FHLB advances, which are secured by pledged U.S. agency securities. The FHLB can dispose of all or a portion of such securities for purposes of collecting payment of principal and interest on an advance in the event of a payment default. There were advances totaling $51,886,000 and $34,292,000 outstanding at June 30, 2019 and 2018, respectively. The short-term FHLB advances included rollover financings of $683,652,000 and $392,724,000 in fiscal years 2019 and 2018, 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
2019	2.43%	$ 51,886	$ 60	$ 51,946

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, 2019. 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.

Bond and Long-term Obligation Maturities

All bonds have early redemption provisions. A summary of future annual scheduled principal and interest maturities for the Commission's long-term obligations, which excludes unamortized debt discounts and premiums, follows (in thousands):

Bonds Maturing During Years Ending June 30,	Publicly Sold Bonds Principal	Publicly Sold Bonds Interest	Publicly Sold Bonds Total	Direct Borrowings and Direct Placements Principal	Direct Borrowings and Direct Placements Interest	Direct Borrowings and Direct Placements Total
2020	$ 31,356	$ 32,434	$ 63,790	$ 58,682	$ 3,081	$ 61,763
2021	29,224	31,701	60,925	6,676	2,539	9,215
2022	30,333	30,871	61,204	860	2,290	3,150
2023	31,625	29,956	61,581	912	2,241	3,153
2024	32,943	28,960	61,903	966	2,190	3,156
2025 - 2029	178,969	127,437	306,406	12,794	9,040	21,834
2030 - 2034	205,640	93,877	299,517	11,309	6,653	17,962
2035 - 2039	188,458	56,379	244,837	18,720	4,107	22,827
2040 - 2044	129,086	26,513	155,599	8,069	979	9,048
2045 - 2049	71,809	5,736	77,545	1,539	187	1,726
	$ 929,443	$ 463,864	$ 1,393,307	$ 120,527	$ 33,307	$ 153,834

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, 2019 and 2018, 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):

	2019	2018
Program and Construction Funds - construction escrows and other restricted funds	**$ 74,296**	$ 70,246
Mortgage Escrow Accounts - insurance, taxes, replacement reserves and other mortgage escrows	**123,325**	116,525
Federal Program Funds	**15,545**	10,055
Missouri Housing Trust Fund	**3,022**	3,504
Bond Proceeds Accounts - funds for purchase of qualified mortgage-backed securities or mortgage loans and payment of costs of issuance	**13,506**	19,796
Revenue and Debt Service Funds - program revenues for debt services payments	**46,378**	45,278
Debt Service and Other Bond Reserve Accounts - reserves held as required by bond indentures, including: debt service reserves, mortgage reserves and capitalized interest	**22,021**	22,497
	$ 298,093	$ 287,901

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 HOME 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, 2019 and 2018 (in thousands):

	2019	2018
Restricted Net Position		
Restricted by bond resolution	**$ 172,104**	$ 151,037
Restricted by collateral custodial agreement - FHLB	**60,298**	57,512
Restricted by grant agreement - HOME Investment Partnership Program	**235,333**	230,842
Restricted by grant agreement - TCAP	**30,587**	30,634
Restricted earnings of HUD-purchased Loans	**10,348**	10,265
Restricted by state statute - Missouri Housing Trust Fund	**2,961**	3,421
Total Restricted Net Position	**$ 511,631**	$ 483,711

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, 2019 and 2018, has designated the following amounts (in thousands):

	2019	2018
Designated by Commission for:		
Tenant assistance	**$ 1,222**	$ 1,221
Loans not funded by a bond sale	**103,498**	104,797
Construction loan commitments	**47,000**	40,000
Loan and other commitments not yet disbursed	**30,435**	31,021
Home Improvement and Multifamily Interest Subsidy Program	**4,976**	4,586
Single Family Homeownership Program	**20,000**	20,000
Single Family Cash Assistance Program	**21,500**	21,500
Emergency Solutions Grant Program	**335**	281
Rural Initiative Program	**859**	800
Total Commission Designated Net Position	**$ 229,825**	$ 224,206

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. Section 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 30.

Contributions. Per Section 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, 2019 and 2018 was 20.21% and 19.45% of annual payroll, respectively, which totaled $1,126,000 and $1,132,000 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 the unfunded accrued liability. Contributions to the pension plan from the Commission were $1,132,000 and $1,049,000 for MOSERS plan years ended June 30, 2018 and 2017, respectively.

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

At June 30, 2019 and 2018, the Commission reported a liability of $16,698,000 and $16,355,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2018 and 2017 was offset by the fiduciary net position obtained from the MOSERS CAFR as of June 30, 2018 and 2017, respectively, to determine the net pension liability.

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, 2018. At the June 30, 2018 measurement date, the Commission's proportion was 0.2993%, a slight decrease from 0.3141% as of the June 30, 2017 measurement date.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2018 that affected the measurement of total pension liability.

Actuarial Assumptions

The total pension liability in the June 30, 2018 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	3.0% to 8.5% including inflation
Wage inflation	2.5%
Investment rate of return	7.25%, compounded annually, net after investment expenses and including inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. In addition, the investment return assumption was reduced from 7.5% to 7.25% for the June 30, 2018 valuation. Other assumption changes were decreases in the payroll and wage growth assumptions.

Mortality

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.

Long-term Investment Rate of Return

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, 2018 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
Opportunistic global equity	38.0%	5.5%	2.1%
Nominal bonds	44.0%	1.0%	0.5%
Commodities	20.0%	4.5%	0.9%
Inflation-linked bonds	39.0%	0.8%	0.3%
Alternative beta	31.0%	4.5%	1.4%
	172.0%		5.2%

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Commission's proportionate share of net pension liability (in thousands)	$ 21,331	$ 16,698	$ 12,803

Pension Plan Fiduciary Net Position

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

Pension Expense

For the fiscal year ended June 30, 2019, the Commission recognized pension expense of $2,893,000 as compared to $2,854,000 for the fiscal year ended June 30, 2018.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019 and 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 38	$ 395
Changes of assumptions	1,439	—
Net difference between projected and actual earnings on pension plan investments	1,964	—
Changes in proportion and differences between Commission contributions and proportionate share of contributions	77	429
Commission contributions subsequent to the measurement date of 6-30-18	1,126	—
Total	$ 4,644	$ 824

June 30, 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 90	$ 258
Changes of assumptions	1,435	41
Net difference between projected and actual earnings on pension plan investments	2,740	—
Changes in proportion and differences between Commission contributions and proportionate share of contributions	175	30
Commission contributions subsequent to the measurement date of 6-30-17	1,132	—
Total	$ 5,572	$ 329

$1,126,000 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the Commission's financial statements for the fiscal year ended June 30, 2020. 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
2020	$ 1,797
2021	678
2022	218
2023	1
Total	$ 2,694

Payables to the Pension Plan

As of both June 30, 2019 and 2018, the Commission had payables of $46,000 to MOSERS included as a component of accrued liabilities due to contribution obligations related to compensation incurred prior to the fiscal year end.

9. Deferred Compensation Plan

The Commission's employees may participate in the State of Missouri Deferred Compensation Plan, a voluntary defined contribution plan offered in compliance with IRS Code Sections 457 and 401(a). The plan is administered by MOSERS in accordance with Sections 105.900 to 105.927 of the Revised Statutes of Missouri. Participant account record keeping and processing services is administered by a third party. Under this plan, employees are permitted to defer a portion of their current salary until future years.

10. Other Postemployment Benefits

General Information about the OPEB Plan

Plan Description. The State Retiree Welfare Benefit Trust (SRWBT), a cost-sharing multiple employer, defined benefit OPEB plan, is administered by the Missouri Consolidated Health Care Plan (MCHCP). Employees may participate at retirement if eligible to receive a monthly retirement benefit from MOSERS or another retirement system whose members are grandfathered for coverage under the plan by law. The terms and conditions governing postemployment benefits, are vested with the MCHCP Board of Trustees within the authority granted under Chapter 103 of the Revised Statutes of Missouri. Financial information for the OPEB plan is included in MCHCP's CAFR which is available on the MCHCP website at www.mchcp.org.

Benefits Provided. Benefit provisions of the SRWBT provide postemployment healthcare coverage. Employees and their eligible dependents may participate in state-sponsored medical coverage in retirement based on plan criteria. Medical coverage, including prescription coverage, is provided through plan options including a qualified high deductible plan with health savings account, preferred provider organization plans (PPO 600 and PPO 300) and a supplement plan for qualified military members. Health care benefits are funded through both employer and retiree contributions.

Contributions. Contributions are established and may be amended by the MCHCP Board of Trustees within the authority granted under Chapter 103 of the Revised Statutes of Missouri (2000) as amended ("RSMo") 103.003 through 103.178. For each year of a retiree's service, 2.5% of the monthly healthcare premium is contributed on behalf of the retiree up to a maximum contribution of 65%. The retiree pays the balance of the premiums. Participants contributed $53,157,000 and $52,170,000 toward their required contributions for the plan years ended June 30, 2018 and 2017, respectively. The Commission's required contribution rate for the fiscal years ended June 30, 2019 and 2018 ranged from 4.33% to 6.19% and from 4.24% to 4.29% of annual payroll, respectively, which totaled $253,000 and $224,000 in contributions in each of these years, respectively, actuarially determined as an amount that, when combined with participant 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 OPEB plan from the Commission were $224,000 and $230,000 for the plan years ended June 30, 2018 and 2017, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019 and 2018, the Commission reported a liability of $5,686,000 and $6,042,000, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and 2017, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At the June 30, 2018 measurement date, the Commission's proportion was 0.3245%, a slight decrease from 0.3424% as of the June 30, 2017 measurement date.

For the fiscal years ending June 30, 2019 and 2018, the Commission recognized OPEB expense of $387,000 and $443,000, respectively. At June 30, 2019 and 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8	$ 88
Changes of assumptions	—	150
Changes in proportion and differences between employer contributions and proportionate share of contributions	138	282
Commission contributions subsequent to the measurement date of 6-30-18	253	—
Total	$ 399	$ 520

June 30, 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 11
Net difference between projected and actual earnings on plan investments	—	1
Changes in proportion and differences between employer contributions and proportionate share of contributions	157	—
Commission contributions subsequent to the measurement date of 6-30-17	224	—
Total	$ 381	$ 12

$253,000 in contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a reduction in OPEB expense as follows:

Commission's Fiscal Year Ending June 30:	**Amount**
2020	$ 41
2021	41
2022	41
2023	41
2024	43
Thereafter	167
Total	$ 374

Actuarial Methods and Assumptions

The actuarial calculations utilize methodologies and assumptions designed to reduce short-term volatility. Actuarial valuations are developed based upon economic assumptions that are appropriate for the purpose of the measurements, take into account relevant historical and current data, reflect estimates of future experience are free of bias, and include demographic actuarial assumptions that are considered to be reasonable and within a best projection range as described by the Actuarial Standards of Practice. Future actuarial measurements may differ from the current measurements due to many factors, including plan experience differing from that anticipated by the economic or demographic assumptions and changes in plan provisions or applicable law.

Projections include a broad array of complex social and economic events, such as the emergence of new and expensive medical procedures and prescription drug options, change in investment rates of return, and other uncertainties. As such, the estimate of post-retirement program cost contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated obligation.

The cost method utilized for the valuation year June 30, 2018, was the entry age normal, level percent of pay. The following presents additional information as of the latest actuarial valuation:

Summary of Key Actuarial Methods & Assumptions

Valuation Year	July 1, 2017 - June 30, 2018
Actuarial Cost Method	Entry age normal, level percent of pay
Amortization method for Unfunded Actuarial Accrued Liability	30 years, open, level percent of pay
Asset valuation method	Market value
General Inflation Rate	3.0%
Discount Rate	5.9%
Expected Return on Assets	6.5%
Municipal Bond Rate	3.87%
Compensation/Salary Increases	4.0%
Health Care Cost Trend Rate (Medical and Prescription Drugs combined)	Non-Medicare: 6.25% in fiscal year 2018, decreasing by 0.25% per year to an ultimate of 5.0% in 2023. Medicare: 7.25% in fiscal year 2018, decreasing by 0.25% per year to an ultimate of 5.0% in fiscal year 2027 and after.
Administration expense	$197 per person

The discount rate was updated to 5.90% from 5.70% as of June 30, 2018, which reflects the updated Municipal Bond Rate of 3.87% and the current expected return on assets of 6.50%.

Expected Return on Plan Assets

The MCHCP Board of Trustees adopted an asset allocation model for the SRWBT that implemented a moderate investment approach to steadily increase the exposure of the SRWBT to higher asset classes over time. Exposure to equities will be through a combination of actively managed index funds and/or exchange traded funds that are highly rated and reviewed regularly. Allocations are back tested, and future assets are projected in all models. The table below presents the asset allocation at June 30, 2018:

Asset Class	Target Allocation	Expected Real Return
Domestic LC Equity	15%	8%
Domestic MC Equity	6%	8%
Domestic SC Equity	8%	9%
Global Equity	5%	8%
Domestic Fixed Income	65%	3%
Cash equivalents	1%	1%

Rate of Return

For the fiscal year ended June 30, 2018, the annual money weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 6.50%. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 5.9% was used to measure the total OPEB liability. This discount rate was determined as a blend of the plan sponsor's best estimate of the expected return on plan assets and the twenty-year high quality municipal bond rate as of June 30, 2018, the Measurement Date. For years where expected benefit payments can be covered by projected trust assets, expected returns are used. For years where payments are not expected to be covered by trust assets, the municipal bond rate is used.

Sensitivity of the Commission's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the Commission's proportionate share of the net OPEB liability calculated using the discount rate of 5.90%, as well as what the Commission's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90%) or 1-percentage-point higher (6.90%) than the current rate:

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
Commission's proportionate share of net OPEB liability (in thousands)	$ 6,688	$ 5,686	$ 4,889

Sensitivity of the Commission's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

The following presents the Commission's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the Commission's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Commission's proportionate share of net OPEB liability (in thousands)	$ 4,867	$ 5,686	$ 6,719

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued MCHCP comprehensive annual financial report.

11. 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 year ended June 30, 2019 and 2018 was $795,000 and $789,000, respectively. Future minimum lease payments for these leases are as follows (in thousands):

Year	Amount
2020	$ 666
2021	682
2022	697
2023	713
2024	728
2025 - 2027	1,184
	$ 4,670

Federal and Other Assistance Programs

The Commission participates in various federal and other 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 and other 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, 2019.

Arbitrage Rebate and Yield Compliance

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. Excess yields, if any, payable to the U.S. Treasury are included in accounts payable. There was no liability payable as of both June 30, 2019 and 2018. The Commission has previously acquired certain participations in mortgage backed securities that were financed with tax-exempt bond proceeds in which the interest participation percentage is lower than the principal participation percentage, which could result in the Commission having to originate future below-market loans or make a future yield reduction payment to the U.S. Treasury.

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 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 $42,014,000 that have not been disbursed as of June 30, 2019.

12. 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 issued 2019 Series B bonds totaling $80,000,000 in July 2019.

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

	Plan Fiscal Year Ended				
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Commission's proportion of the net pension liability or asset	0.3044%	0.3030%	0.3148%	0.3141%	0.2993%
Commission's proportionate share of the net pension liability	$ 7,178	$ 9,714	$ 14,613	$ 16,355	$ 16,698
Commission's covered payroll	$ 5,481	$ 5,856	$ 6,097	$ 6,182	$ 5,818
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	130.96%	165.88%	239.69%	264.55%	286.99%
Plan fiduciary net position as a percentage of the total pension liability	79.49%	77.62%	63.60%	60.41%	59.02%

Schedule of Commission's Contributions

	Commission Fiscal Year Ended					
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Required contribution	$ 993	$ 994	$ 1,035	$ 1,049	$ 1,132	$ 1,126
Contributions in relation to the required contribution	$ 993	$ 994	$ 1,035	$ 1,049	$ 1,132	$ 1,126
Contribution deficiency	—	—	—	—	—	—
Commission's covered payroll	$ 5,481	$ 5,856	$ 6,097	$ 6,182	$ 5,818	$ 5,571
Contributions as a percentage of covered payroll	18.13%	16.97%	16.97%	16.97%	19.45%	20.21%

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. Senate Bill 62 (SB 62), which contained changes to the benefit structure for MSEP 2011, was passed by the 2017 legislature. The provisions of the bill decreased vesting from ten to five years of service, but also included provisions that essentially offset the cost of the vesting change. As a result, SB 62 had no impact on the employer contribution rate and created a decrease to the Unfunded Actuarial Accrued Liability (UAAL) of $1.6 million.

Change in assumptions. The board reduced the investment return assumption used in the June 30, 2018 valuation to 7.25%. Payroll and wage growth assumptions were also reduced.

SCHEDULES OF SELECTED OTHER POSTEMPLOYMENT BENEFIT INFORMATION
MISSOURI CONSOLIDATED HEALTH CARE PLAN
(In Thousands)

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

	Plan Fiscal Year Ended	
	June 30, 2017	June 30, 2018
Commission's proportion of the net OPEB liability	0.3424%	0.3245%
Commission's proportionate share of the net OPEB liability	$ 6,042	$ 5,686
Commission's covered payroll	$ 5,542	$ 5,245
Commission's proportionate share of the net OPEB liability as a percentage of its covered payroll	109.02%	108.41%
Plan fiduciary net position as a percentage of the total OPEB liability	6.64%	6.90%

Schedule of Commission's Contributions

	Commission Fiscal Year Ended		
	June 30, 2017	June 30, 2018	June 30, 2019
Required contribution	$ 230	$ 224	$ 253
Contributions in relation to the required contribution	$ 230	$ 224	$ 253
Contribution deficiency	—	—	—
Commission's covered payroll	$ 5,542	$ 5,245	$ 5,026
Contributions as a percentage of covered payroll	4.14%	4.27%	5.03%

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. Additional years will be displayed as they become available.

Changes of benefit terms or assumptions

The discount rate has been updated to 5.90% as of June 30, 2018, which reflects the updated Municipal Bond Rate of 3.87% as of June 30, 2018, and the current Expected Return on Asset Assumption of 6.50%.

Supplementary Information

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF NET POSITION

Page 1 of 2

June 30, 2019

(In Thousands)

	Operating	Bond-Financed Programs		Total
		Multifamily	Single Family	
Assets				
Current Assets				
Cash and cash equivalents	$ 14,691	$ —	$ —	$ 14,691
Investments	26,921	—	—	26,921
Mortgage investments	19,404	—	—	19,404
Accrued interest receivable	2,493	—	—	2,493
Accounts receivable - other	2,168	—	—	2,168
Prepaid expenses	396	—	—	396
Total Current Assets	66,073	—	—	66,073
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	11,757	14,254	54,778	80,789
Investments	204,430	7,417	5,457	217,304
Mortgage investments	249,612	148,477	960,706	1,358,795
Accrued interest receivable	897	601	3,369	4,867
Total restricted assets	466,696	170,749	1,024,310	1,661,755
Investments	166,193	—	—	166,193
Mortgage investments, net of current portion and allowances for loan losses of $42,238	127,115	—	—	127,115
Capital assets, less accumulated depreciation of $3,644	1,571	—	—	1,571
Total Noncurrent Assets	761,575	170,749	1,024,310	1,956,634
Total Assets	827,648	170,749	1,024,310	2,022,707
Deferred Outflows of Resources				
Refunding of debt	—	8	—	8
Pension	4,644	—	—	4,644
Other Postemployment Benefits (OPEB)	399	—	—	399
Total Deferred Outflows of Resources	5,043	8	—	5,051

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF NET POSITION *(Continued)*

June 30, 2019
(In Thousands)

		Bond-Financed Programs		
	Operating	Multifamily	Single Family	Total
Liabilities				
Current Liabilities				
Bonds and notes payable	$ 57,781	$ —	$ —	$ 57,781
Accrued interest payable	168	—	—	168
Accounts payable	2,240	—	—	2,240
Unearned revenue	1,398	—	—	1,398
Total Current Liabilities	61,587	—	—	61,587
Current Liabilities - Payable from Restricted Assets				
Bonds and notes payable	—	4,915	27,981	32,896
Accrued interest payable	—	1,706	4,267	5,973
Escrow deposits	126,763	—	—	126,763
Rent subsidies and other payables	339	—	—	339
Accounts payable	67	—	34	101
Total Current Liabilities - Payable from Restricted Assets	127,169	6,621	32,282	166,072
Noncurrent Liabilities				
Pension	16,698	—	—	16,698
Other Postemployment Benefits (OPEB)	5,686	—	—	5,686
Unearned revenue	8,267	—	—	8,267
Payable from restricted assets				
Bonds and notes payable	—	142,727	839,342	982,069
Total Noncurrent Liabilities	30,651	142,727	839,342	1,012,720
Total Liabilities	219,407	149,348	871,624	1,240,379
Deferred Inflows of Resources				
Refunding of debt	—	—	1,991	1,991
Pension	824	—	—	824
Other Postemployment Benefits (OPEB)	520	—	—	520
Total Deferred Inflows of Resources	1,344	—	1,991	3,335
Net Position				
Net investment in capital assets	1,571	—	—	1,571
Restricted	339,527	21,409	150,695	511,631
Unrestricted, including designated balances	270,842	—	—	270,842
Total Net Position	$ 611,940	$ 21,409	$ 150,695	$ 784,044

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF NET POSITION
MULTIFAMILY BOND - FINANCED PROGRAMS
June 30, 2019
(In Thousands)

	Multifamily (2000 Indenture)	Multifamily (2014 Indenture)	Other Multifamily (Conduit Debt)	Total
Assets				
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	$ 10,302	$ 3,952	$ —	$ 14,254
Investments	4,918	2,499	—	7,417
Mortgage investments	74,050	34,594	39,833	148,477
Accrued interest receivable	401	200	—	601
Total Noncurrent Assets	89,671	41,245	39,833	170,749
Total Assets	89,671	41,245	39,833	170,749
Deferred Outflows of Resources				
Refunding of debt	—	8	—	8
Liabilities				
Current Liabilities - Payable from Restricted Assets				
Bonds and notes payable	2,733	1,333	849	4,915
Accrued interest payable	1,591	115	—	1,706
Total Current Liabilities - Payable from Restricted Assets	4,324	1,448	849	6,621
Noncurrent Liabilities				
Bonds and notes payable	70,381	33,362	38,984	142,727
Total Noncurrent Liabilities	70,381	33,362	38,984	142,727
Total Liabilities	74,705	34,810	39,833	149,348
Net Position				
Restricted	14,966	6,443	—	21,409
Total Net Position	$ 14,966	$ 6,443	$ —	$ 21,409

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF NET POSITION
SINGLE FAMILY BOND - FINANCED PROGRAMS
June 30, 2019
(In Thousands)

	Homeownership (1995 Indenture)	Special Homeownership (2009 Indenture)	First Place Homeownership (2015 Indenture)	Total
Assets				
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	$ 3,951	$ 8,910	$ 41,917	$ 54,778
Investments	—	—	5,457	5,457
Mortgage investments	21,862	219,370	719,474	960,706
Accrued interest receivable	95	738	2,536	3,369
Total Noncurrent Assets	25,908	229,018	769,384	1,024,310
Liabilities				
Current Liabilities - Payable from Restricted Assets				
Bonds and notes payable	501	8,601	18,879	27,981
Accrued interest payable	139	776	3,352	4,267
Accounts payable	34	—	—	34
Total Current Liabilities - Payable from Restricted Assets	674	9,377	22,231	32,282
Noncurrent Liabilities				
Payable from restricted assets				
Bonds and notes payable	10,109	188,483	640,750	839,342
Total Noncurrent Liabilities	10,109	188,483	640,750	839,342
Total Liabilities	10,783	197,860	662,981	871,624
Deferred Inflows of Resources				
Refunding of debt	—	1,388	603	1,991
Total Deferred Inflows of Resources	—	1,388	603	1,991
Net Position				
Restricted	15,125	29,770	105,800	150,695
Total Net Position	$ 15,125	$ 29,770	$ 105,800	$ 150,695

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019
(In Thousands)

		Bond-Financed Programs		
	Operating	Multifamily	Single Family	Total
Operating Revenues				
Interest and investment income				
Income - mortgage investments	$ 7,981	$ 6,070	$ 37,454	$ 51,505
Income - investments	7,010	556	1,139	8,705
Net increase (decrease) in fair value of investments	13,120	417	8,711	22,248
Total interest and investment income	28,111	7,043	47,304	82,458
Income - MBS sales	714	—	—	714
Administration fees	6,038	—	—	6,038
Other income	5,776	3	2,340	8,119
Federal program income	156,001	—	—	156,001
Total Operating Revenues	196,640	7,046	49,644	253,330
Operating Expenses				
Interest expense on bonds	949	4,705	25,340	30,994
Bond debt expense and other fees	272	59	2,133	2,464
Compensation	10,666	—	—	10,666
General and administrative expenses	4,072	—	—	4,072
Rent and other subsidy payments	1,938	—	—	1,938
Missouri Housing Trust Fund grants	3,630	—	—	3,630
Federal program expenses	153,501	—	—	153,501
Total Operating Expenses	175,028	4,764	27,473	207,265
Change in Net Position	21,612	2,282	22,171	46,065
Net Position - Beginning of Year	586,942	19,903	131,134	737,979
Interfund Transfers	3,386	(776)	(2,610)	—
Net Position - End of Year	$ 611,940	$ 21,409	$ 150,695	$ 784,044

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MULTIFAMILY BOND - FINANCED PROGRAMS
For the Year Ended June 30, 2019
(In Thousands)

	Multifamily (2000 Indenture)	Multifamily (2014 Indenture)	Other Multifamily (Conduit Debt)	Total
Operating Revenues				
Interest and investment income				
Income - mortgage investments	$ 4,016	$ 2,054	$ —	$ 6,070
Income - investments	380	176	—	556
Net increase (decrease) in fair value of investments	274	143	—	417
Total interest and investment income	4,670	2,373	—	7,043
Other income	3	—	—	3
Total Operating Revenues	4,673	2,373	—	7,046
Operating Expenses				
Interest expense on bonds	3,226	1,479	—	4,705
Bond debt expense and other fees	52	7	—	59
Total Operating Expenses	3,278	1,486	—	4,764
Change in Net Position	1,395	887	—	2,282
Net Position - Beginning of Year	13,771	6,132	—	19,903
Interfund Transfers	(200)	(576)	—	(776)
Net Position - End of Year	$ 14,966	$ 6,443	$ —	$ 21,409

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SINGLE FAMILY BOND - FINANCED PROGRAMS
For the Year Ended June 30, 2019
(In Thousands)

	Homeownership (1995 Indenture)	Special Homeownership (2009 Indenture)	First Place Homeownership (2015 Indenture)	Total
Operating Revenues				
Interest and investment income				
Income - mortgage investments	$ 1,144	$ 9,459	$ 26,851	$ 37,454
Income - investments	90	152	897	1,139
Net increase (decrease) in fair value of investments	(205)	2,099	6,817	8,711
Total interest and investment income	1,029	11,710	34,565	47,304
Other income	22	628	1,690	2,340
Total Operating Revenues	1,051	12,338	36,255	49,644
Operating Expenses				
Interest expense on bonds	590	6,281	18,469	25,340
Bond debt expense and other fees	15	32	2,086	2,133
Total Operating Expenses	605	6,313	20,555	27,473
Change in Net Position	446	6,025	15,700	22,171
Net Position - Beginning of Year	14,748	26,125	90,261	131,134
Interfund Transfers	(69)	(2,380)	(161)	(2,610)
Net Position - End of Year	$ 15,125	$ 29,770	$ 105,800	$ 150,695