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**MISSOURI HOUSING  
DEVELOPMENT COMMISSION**  
*INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019*

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*Strength, Dignity, Quality of Life*

**MISSOURI HOUSING**  
DEVELOPMENT COMMISSION

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## **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, 2020 and 2019, 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, 2020 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 14, 2020

# MISSOURI HOUSING DEVELOPMENT COMMISSION

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## MANAGEMENT'S DISCUSSION AND ANALYSIS For The Years Ended June 30, 2020 And 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, 2020 and 2019. 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 position, 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.

**2020 Financial Highlights**

- Total assets were \$2.2 billion, an increase of 9.0% from June 30, 2019. The increase primarily reflects growth in single family mortgage investments for which new production exceeded loan paydowns and prepayments.
- Fiscal year 2020 mortgage investment purchases and originations totaled \$343.1 million as compared to \$253.6 million in fiscal year 2019. Principal repayments on mortgage assets and proceeds from the sale of mortgage assets totaled \$204.2 million in fiscal year 2020 as compared to \$170.0 million in principal repayments in fiscal year 2019.
- Revenue bonds issued totaled \$375.5 million in fiscal year 2020 and totaled \$190.0 million in fiscal year 2019.
- Total revenues were \$275.4 million in fiscal year 2020. Excluding the net change in fair value of investments, total revenues increased 6.9% to \$246.9 million in fiscal year 2020. Revenues from federal and other assistance programs were \$164.7 million in fiscal year 2020 as compared to \$156.0 million in fiscal year 2019.
- Net operating income, excluding the net change in fair value of investments, was \$27.3 million in fiscal year 2020 as compared to \$23.8 million in fiscal year 2019. Excluding federal and other assistance programs and the net change in fair value of investments, net operating income was \$23.0 million in fiscal year 2020 as compared to \$21.3 million in fiscal year 2019.
- Net position increased \$55.7 million (7.1%) as of June 30, 2020. Excluding the change in fair value of investments, net position increased \$26.4 million (3.4%) as of June 30, 2020.

**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.

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 December 16, 2019.



## MISSOURI HOUSING DEVELOPMENT COMMISSION

### Management's Discussion and Analysis (Continued)

#### 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, 2020, 2019 and 2018.

Condensed Summary of Net Position (In Thousands)

	June 30,			\$ change	
	2020	2019	2018	2020 - 2019	2019 - 2018
<b>Assets</b>					
Current assets	\$ 63,664	\$ 66,073	\$ 58,747	\$ (2,409)	\$ 7,326
Restricted investments	207,567	217,304	198,830	(9,737)	18,474
Restricted mortgage investments	1,525,000	1,358,795	1,279,806	166,205	78,989
Other restricted assets	97,690	85,656	93,545	12,034	(7,889)
Capital assets	2,129	1,571	1,536	558	35
Other	308,201	293,308	263,075	14,893	30,233
<b>Total Assets</b>	<b>2,204,251</b>	<b>2,022,707</b>	<b>1,895,539</b>	<b>181,544</b>	<b>127,168</b>
<b>Deferred Outflows of Resources</b>	<b>4,646</b>	<b>5,051</b>	<b>5,961</b>	<b>(405)</b>	<b>(910)</b>
<b>Liabilities</b>					
Current liabilities	65,256	61,587	37,891	3,669	23,696
Current liabilities - payable from restricted assets	170,562	166,072	156,835	4,490	9,237
Long-term bonds and notes payable	1,099,517	982,069	935,410	117,448	46,659
Other	30,240	30,651	30,916	(411)	(265)
<b>Total Liabilities</b>	<b>1,365,575</b>	<b>1,240,379</b>	<b>1,161,052</b>	<b>125,196</b>	<b>79,327</b>
<b>Deferred Inflows of Resources</b>	<b>3,544</b>	<b>3,335</b>	<b>2,469</b>	<b>209</b>	<b>866</b>
<b>Net Position</b>					
Net investment in capital assets	2,129	1,571	1,536	558	35
Restricted	559,148	511,631	483,711	47,517	27,920
Unrestricted	278,501	270,842	252,732	7,659	18,110
<b>Total Net Position</b>	<b>\$ 839,778</b>	<b>\$ 784,044</b>	<b>\$ 737,979</b>	<b>\$ 55,734</b>	<b>\$ 46,065</b>

#### Investments

Investments consist of U.S. government and agency fixed rate securities. The Commission's investment policy emphasizes preservation of principal. At June 30, 2020, the Commission had \$415.5 million in investments as compared to \$410.4 million at June 30, 2019 and \$371.8 million at June 30, 2018.

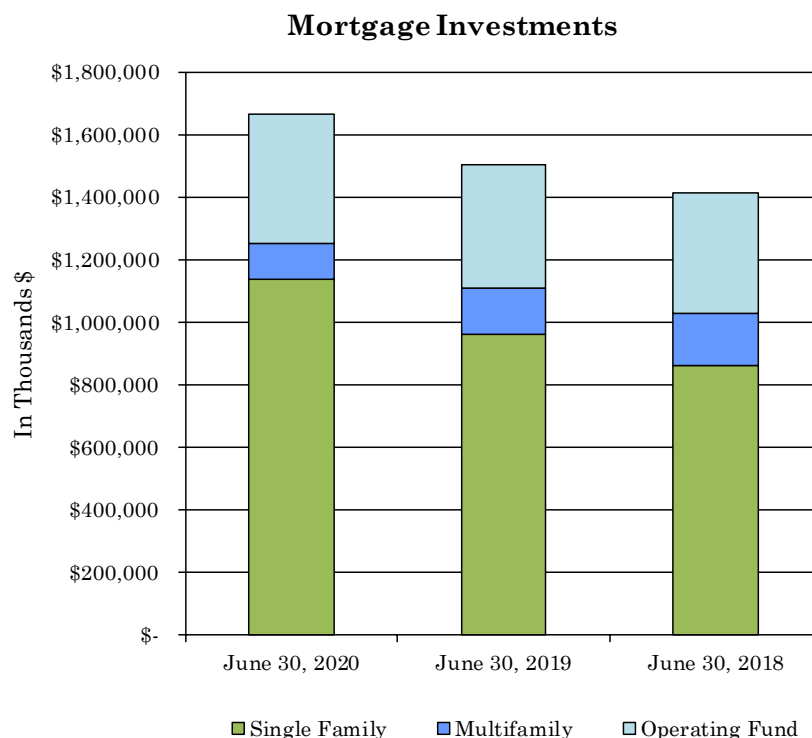
## MISSOURI HOUSING DEVELOPMENT COMMISSION

### Management's Discussion and Analysis (Continued)

#### Mortgage Investments

The Commission's mortgage investments increased 10.6% during fiscal year 2020. Mortgage investments comprised 75.5% of the Commission's total assets at June 30, 2020 as compared to 74.4% at June 30, 2019 and 74.5% at June 30, 2018. Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) mortgage-backed securities (MBS) comprise 72.1% of the Commission's mortgage investments at June 30, 2020 compared to 67.6% at June 30, 2019 and 63.4% at June 30, 2018. In fiscal year 2020 new loans totaled \$343.1 million, with mortgage asset sales, prepayment activity and change in fair value resulting in a net increase of \$158.9 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 8.0% of total mortgage assets, excluding MBS, at June 30, 2020 as compared to 8.0% at June 30, 2019 and 7.6% at June 30, 2018, 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, 2020, 2019 and 2018 is depicted in the following chart:



## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Management's Discussion and Analysis (*Continued*)

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 \$203.5 million at June 30, 2020, as compared to \$190.7 million at June 30, 2019 and \$176.9 million at June 30, 2018. The operating fund mortgage investments also include loans financed by the federal HOME program totaling \$221.3 million at June 30, 2020, as compared to \$219.7 million at June 30, 2019 and \$220.7 million at June 30, 2018. In addition, the operating fund loans at June 30, 2020 include \$27.7 million in loans financed by the federal Tax Credit Assistance Program (TCAP), as compared to \$28.0 million at June 30, 2019 and \$28.4 million at June 30, 2018.

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 \$83.5 million at June 30, 2020, \$112.9 million at June 30, 2019 and \$119.1 million at June 30, 2018. The Commission's multifamily loan portfolio also includes conduit loans, which totaled \$38.3 million at June 30, 2020, \$39.8 million at June 30, 2019 and \$53.8 million at June 30, 2018. 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 \$310.1 million, \$226.5 million and \$168.8 million in fiscal years 2020, 2019 and 2018, 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 \$42.7 million in fiscal year 2020, \$36.5 million in fiscal year 2019 and \$79.4 million in fiscal year 2018.

### **Debt**

At June 30, 2020, the Commission had \$1.2 billion in bonds and notes outstanding as compared to \$1.1 billion outstanding at June 30, 2019 and \$1.0 billion outstanding at June 30, 2018. 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 \$61.5 million outstanding at June 30, 2020 as compared to \$51.9 million at June 30, 2019 and \$34.3 million at June 30, 2018.

The increase in debt during fiscal year 2020 resulted from additional FHLB advance funding and new debt issuances which exceeded principal payments and redemptions. During fiscal year 2020, new debt issued included four single family mortgage revenue bonds, including one refunding bond series, which totaled \$375.5 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 37.4% at June 30, 2020 as compared to 39.0% at June 30, 2019 and 40.3% at June 30, 2018. Excluding unrealized gains and losses, net position was \$792.3 million at June 30, 2020, \$766.0 million at June 30, 2019 and \$744.8 million at June 30, 2018, representing growth of 3.4% in fiscal year 2020 and 2.8% in fiscal year 2019. 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 \$260.3 million at June 30, 2020, \$229.8 million at June 30, 2019 and \$224.2 million at June 30, 2018. 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.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Management's Discussion and Analysis (*Continued*)

#### Operating Activities

The following table summarizes the Commission's revenues, expenses and changes in net position for fiscal years 2020, 2019 and 2018.

	2020	2019	2018	\$ change	
				2020 - 2019	2018 - 2017
<b>Operating Revenues</b>					
Interest and investment income	\$ 94,999	\$ 82,458	\$ 16,794	\$ 12,541	\$ 65,664
Grants and federal assistance	164,695	156,001	159,832	8,694	(3,831)
Other	15,665	14,871	16,524	794	(1,653)
<b>Total Operating Revenues</b>	<b>275,359</b>	<b>253,330</b>	<b>193,150</b>	<b>22,029</b>	<b>60,180</b>
<b>Operating Expenses</b>					
Interest expense	32,900	30,994	29,428	1,906	1,566
Compensation and administrative expenses	15,560	14,738	15,260	822	(522)
Grants and federal assistance	160,404	153,501	153,497	6,903	4
Other	10,761	8,032	7,750	2,729	282
<b>Total Operating Expenses</b>	<b>219,625</b>	<b>207,265</b>	<b>205,935</b>	<b>12,360</b>	<b>1,330</b>
<b>Change in Net Position</b>	<b>\$ 55,734</b>	<b>\$ 46,065</b>	<b>\$ (12,785)</b>	<b>\$ 9,669</b>	<b>\$ 58,850</b>

The Commission continues to exhibit healthy financial activity. Total revenues fluctuated primarily due to changes in fair value with overall increases during fiscal years 2020 and 2019. Excluding the effects of fair value reporting:

- Revenues totaled \$246.9 million, \$231.1 million and \$232.9 million in fiscal years 2020, 2019 and 2018, respectively.
- The change in net position was an increase of \$26.4 million in fiscal year 2020, \$21.1 million in fiscal year 2019 and \$24.3 million in fiscal year 2018, demonstrating continued financial strength.
- The return on average equity and the return on average assets, excluding conduit bond-financed assets, were 3.4% and 1.3%, respectively for fiscal year 2020. This compares to 2.8% and 1.1%, respectively, for fiscal year 2019 and 3.3% and 1.3%, respectively, for fiscal year 2018.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Management's Discussion and Analysis (*Continued*)

#### **Revenues**

Interest and investment income totaled \$95.0 million in fiscal year 2020 as compared to \$82.5 million in fiscal year 2019 and \$16.8 million in fiscal year 2018. This income includes fair value increases of \$28.4 million and \$22.2 million in fiscal years 2020 and 2019, respectively, and a fair value decrease of \$39.7 million in fiscal year 2018. 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 \$66.6 million in fiscal year 2020 (a 10.6% increase in fiscal year 2020), as compared to \$60.2 million in fiscal year 2019 and \$56.5 million in fiscal year 2018 (an increase of 6.5% in fiscal year 2019). 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 \$6.1 million, \$6.0 million and \$6.0 million in administration fee income for fiscal years 2020, 2019 and 2018, respectively. These fees are predominantly related to the Commission's administration of federal programs. In addition, other operating revenues included \$929,000 in fiscal year 2020, \$714,000 in fiscal year 2019 and \$1.6 million in fiscal year 2018 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 \$164.7 million in fiscal year 2020 as compared to \$156.0 million in fiscal year 2019 and \$159.8 million in fiscal year 2018 while expenses incurred were \$160.4 million in fiscal year 2020, \$153.5 million in fiscal year 2019 and \$153.5 million in fiscal year 2018. Grant revenues in fiscal year 2020 increased primarily due to an increase in Project-Based Section 8 assistance and the addition of Housing Trust Fund program funding. Grant revenues in fiscal year 2019 decreased primarily due to a decrease in HOME program funding. Project-Based Section 8 revenues totaled \$152.8 million, \$147.0 million and \$148.6 million in fiscal years 2020, 2019 and 2018, respectively. HOME funding has varied reflecting timing of awards and disbursements and totaled \$6.5 million in fiscal year 2020 as compared to \$5.2 million in fiscal year 2019 and \$8.8 million in fiscal year 2018. 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 \$32.9 million for fiscal year 2020 as compared to \$31.0 million for fiscal year 2019 (an increase of 6.2% in fiscal year 2020) and \$29.4 million in fiscal year 2018 (an increase of 5.3% in fiscal 2019). The increases in fiscal years 2020 and 2019 resulted primarily due 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 \$15.6 million in fiscal year 2020 as compared to \$14.7 million in fiscal year 2019 and \$15.3 million in fiscal year 2018. Fiscal year 2020 costs include pension benefit costs of \$3.3 million as compared to \$2.9 million in fiscal year 2019 and \$2.9 million in fiscal year 2018. Excluding the net change in the fair value of investments, operating costs represented 6.3% of revenues in fiscal year 2020 as compared to 6.4% of revenue in fiscal year 2019 and 6.6% of revenues in fiscal year 2018.

**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 and market conditions can be expected to impact investment earnings and in particular, may result in large fluctuations in the fair value of investments and mortgage-backed securities. The outbreak of 2019 coronavirus (COVID-19) pandemic has resulted in an economic downturn and created uncertainty, volatility and disruption in financial and business activities. The extent of the pandemic's impact on the Commission's operations and financial condition will depend on future developments, including the duration and severity of the pandemic.

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

The Commission administers the Project-Based Section 8 program in the State through a contract with HUD, which results in approximately \$150 million in housing assistance payment revenue and expense activity annually. The current contract terminates January 31, 2021, with the option by HUD to extend the agreement for two additional six month terms. HUD is expected to competitively bid this program administration at a future time.

**Contacting the Commission's Financial Management**

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



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# MISSOURI HOUSING DEVELOPMENT COMMISSION

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## STATEMENT OF NET POSITION (In Thousands)

Assets	June 30,	
	2020	2019
<b>Current Assets</b>		
Cash and cash equivalents	\$ 16,415	\$ 14,691
Investments	21,401	26,921
Mortgage investments	17,576	19,404
Accrued interest receivable	2,138	2,493
Accounts receivable - other	1,302	2,168
Real estate owned	4,500	—
Prepaid expenses	332	396
<b>Total Current Assets</b>	<b>63,664</b>	<b>66,073</b>
<b>Noncurrent Assets</b>		
Restricted assets		
Cash and cash equivalents	92,700	80,789
Investments	207,567	217,304
Mortgage investments	1,525,000	1,358,795
Accrued interest receivable	4,905	4,867
Accounts receivable - other	85	—
<b>Total restricted assets</b>	<b>1,830,257</b>	<b>1,661,755</b>
Investments	186,578	166,193
Mortgage investments, net of current portion and allowances for loan losses of \$40,197 and \$42,238, respectively	121,623	127,115
Capital assets, less accumulated depreciation of \$3,998 and \$3,644, respectively	2,129	1,571
<b>Total Noncurrent Assets</b>	<b>2,140,587</b>	<b>1,956,634</b>
<b>Total Assets</b>	<b>2,204,251</b>	<b>2,022,707</b>
<b>Deferred Outflows of Resources</b>		
Refunding of debt	836	8
Pension	3,268	4,644
Other Postemployment Benefits (OPEB)	542	399
<b>Total Deferred Outflows of Resources</b>	<b>4,646</b>	<b>5,051</b>

# MISSOURI HOUSING DEVELOPMENT COMMISSION

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

	June 30,	
	2020	2019
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Bonds and notes payable	\$ 61,521	\$ 57,781
Accrued interest payable	9	168
Accounts payable	2,371	2,240
Unearned revenue	1,355	1,398
<b>Total Current Liabilities</b>	<b>65,256</b>	<b>61,587</b>
<b>Current Liabilities - Payable from Restricted Assets</b>		
Bonds and notes payable	41,965	32,896
Accrued interest payable	6,194	5,973
Escrow deposits	121,875	126,763
Rent subsidies and other payables	320	339
Accounts payable	208	101
<b>Total Current Liabilities - Payable from Restricted Assets</b>	<b>170,562</b>	<b>166,072</b>
<b>Noncurrent Liabilities</b>		
Pension	17,324	16,698
Other Postemployment Benefits (OPEB)	5,451	5,686
Unearned revenue	7,465	8,267
Payable from restricted assets		
Bonds and notes payable	1,099,517	982,069
<b>Total Noncurrent Liabilities</b>	<b>1,129,757</b>	<b>1,012,720</b>
<b>Total Liabilities</b>	<b>1,365,575</b>	<b>1,240,379</b>
<b>Deferred Inflows of Resources</b>		
Refunding of debt	1,866	1,991
Pension	858	824
Other Postemployment Benefits (OPEB)	820	520
<b>Total Deferred Inflows of Resources</b>	<b>3,544</b>	<b>3,335</b>
<b>Net Position</b>		
Net investment in capital assets	2,129	1,571
Restricted	559,148	511,631
Unrestricted, including designated balances	278,501	270,842
<b>Total Net Position</b>	<b>\$ 839,778</b>	<b>\$ 784,044</b>

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# MISSOURI HOUSING DEVELOPMENT COMMISSION

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

	For the Years Ended June 30,	
	2020	2019
<b>Operating Revenues</b>		
Interest and investment income		
Income - mortgage investments	\$ 58,380	\$ 51,505
Income - investments	8,190	8,705
Net increase in fair value of investments	28,429	22,248
<b>Total interest and investment income</b>	<b>94,999</b>	<b>82,458</b>
Income - MBS sales	929	714
Administration fees	6,130	6,038
Other income	8,606	8,119
Federal program income	164,695	156,001
<b>Total Operating Revenues</b>	<b>275,359</b>	<b>253,330</b>
<b>Operating Expenses</b>		
Interest expense on bonds	32,900	30,994
Bond debt expense and other fees	4,462	2,464
Compensation	10,933	10,666
General and administrative expenses	4,627	4,072
Rent and other subsidy payments	2,862	1,938
Missouri Housing Trust Fund grants	3,437	3,630
Federal program expenses	160,404	153,501
<b>Total Operating Expenses</b>	<b>219,625</b>	<b>207,265</b>
<b>Change in Net Position</b>	<b>55,734</b>	<b>46,065</b>
<b>Net Position - Beginning of Year</b>	<b>784,044</b>	<b>737,979</b>
<b>Net Position - End of Year</b>	<b>\$ 839,778</b>	<b>\$ 784,044</b>

# MISSOURI HOUSING DEVELOPMENT COMMISSION

## STATEMENT OF CASH FLOWS (In Thousands)

	For the Years Ended June 30,	
	2020	2019
<b>Cash Flows from Operating Activities</b>		
Interest received on mortgage investments	\$ 58,117	\$ 51,053
Fees, charges and other	10,771	8,983
Principal repayments on mortgage loans	190,944	169,983
Proceeds from sale of mortgage investments	13,227	—
Disbursements of mortgage loans	(343,057)	(253,562)
Federal revenue	164,695	156,001
Federal expenses	(160,404)	(153,501)
Collection of compliance and origination fees	4,830	4,739
Cash payments for compensation, administrative and other costs	(12,928)	(12,600)
Other operating payments	(10,780)	(8,027)
<b>Net Cash Used in Operating Activities</b>	<b>(84,585)</b>	<b>(36,931)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Retirement of principal on bonds and notes	(462,862)	(314,636)
Proceeds from issuance of bonds and notes	599,474	389,889
Interest paid on bonds and notes	(40,146)	(34,541)
Change in escrow deposits	(4,475)	7,585
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>91,991</b>	<b>48,297</b>
<b>Cash Flows Used in Capital and Related Financing Activities</b>		
Payments for capital assets	(930)	(428)
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(561,545)	(118,457)
Proceeds from maturities and sales of investments	559,934	92,800
Interest received on investments	8,770	8,445
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>7,159</b>	<b>(17,212)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>13,635</b>	<b>(6,274)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>95,480</b>	<b>101,754</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 109,115</b>	<b>\$ 95,480</b>
<b>Noncash Activities</b>		
Real estate received in lieu of foreclosure	\$ 4,500	\$ —

# MISSOURI HOUSING DEVELOPMENT COMMISSION

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

	For the Years Ended June 30,	
	2020	2019
<b>Reconciliation of Increase in Net Position to Net Cash Used in Operating Activities</b>		
Increase in net position	\$ 55,734	\$ 46,065
Adjustments to reconcile increase in net position to net cash used in operating activities		
Depreciation	372	393
Net increase in fair value of investments	(28,429)	(22,248)
Compliance and origination fee receipts	656	1,448
Amortization of unearned revenue	(1,501)	(1,696)
Income - investments	(8,190)	(8,705)
Proceeds from sale of mortgage investments	13,227	—
Net change in mortgage loans	(152,113)	(83,579)
Interest expense related to bonds and other debt	32,900	30,994
Change in deferred outflows related to pensions and OPEB	1,233	910
Change in deferred inflows related to pensions and OPEB	334	1,003
Change in assets and liabilities		
Decrease (increase) in accounts receivable	781	(901)
Increase in accrued mortgage interest receivable	(263)	(452)
Decrease (increase) in prepaid expenses	64	(310)
Increase in accounts payable	219	160
Increase (decrease) in pension and OPEB liabilities	391	(13)
<b>Net Cash Used in Operating Activities</b>	<b>\$ (84,585)</b>	<b>\$ (36,931)</b>

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# MISSOURI HOUSING DEVELOPMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 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, 2020, the Commission had \$37,277,000 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.

## **MISSOURI HOUSING DEVELOPMENT COMMISSION**

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### Notes to the Financial Statements (*Continued*)

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, 2020 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, 2020, the net increase in fair value of investments was \$28,429,000 and for the year ended June 30, 2019, the net increase in fair value of investments was \$22,248,000.

## **MISSOURI HOUSING DEVELOPMENT COMMISSION**

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Notes to the Financial Statements (*Continued*)

### **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-backed 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.



## **MISSOURI HOUSING DEVELOPMENT COMMISSION**

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Notes to the Financial Statements (*Continued*)

### **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 position 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.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Notes to the Financial Statements (*Continued*)

#### **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 resolutions 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.

## **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 \$8,571,000 and \$6,571,000 at June 30, 2020, and 2019, respectively, which are insured by HUD's Federal Housing Administration (FHA) programs or guaranteed by the Veterans Administration (VA). These insured loans include \$8,388,000 and \$6,344,000 at June 30, 2020 and 2019, 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.

## **MISSOURI HOUSING DEVELOPMENT COMMISSION**

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### Notes to the Financial Statements *(Continued)*

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.

## **MISSOURI HOUSING DEVELOPMENT COMMISSION**

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Notes to the Financial Statements *(Continued)*

### **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.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

Notes to the Financial Statements (Continued)

### 3. Cash and Investments

A summary of cash and investments as of June 30, 2020 and 2019 is as follows (in thousands):

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents				
Cash	\$ 26,535	\$ 26,535	\$ 23,592	\$ 23,592
FHLB daily time accounts	245	245	245	245
Money market funds	81,835	81,835	70,148	70,148
U.S. Treasury bills	500	500	1,495	1,495
<b>Total cash and cash equivalents</b>	<b>\$ 109,115</b>	<b>\$ 109,115</b>	<b>\$ 95,480</b>	<b>\$ 95,480</b>
Investments				
U.S. Treasury bonds and notes and agency obligations	\$ 411,170	\$ 415,546	\$ 407,927	\$ 410,418
<b>Total investments</b>	<b>411,170</b>	<b>415,546</b>	<b>407,927</b>	<b>410,418</b>
<b>Total cash and cash equivalents and investments</b>	<b>\$ 520,285</b>	<b>\$ 524,661</b>	<b>\$ 503,407</b>	<b>\$ 505,898</b>

### 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, 2020, 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, 2020, all investments of debt-related issues held by the Commission's trustees were in compliance with the requirements of the indentures.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

Notes to the Financial Statements (Continued)

### Investment Maturities

As of June 30, 2020 and 2019, the Commission had the following investments and maturities (in thousands):

Investment Type	June 30, 2020				
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury securities	\$ 45,909	\$ 36,983	\$ 666	\$ 1,305	\$ 6,955
U.S. agency securities	369,637	17,885	116,600	235,152	—
Total investments	\$ 415,546	\$ 54,868	\$ 117,266	\$ 236,457	\$ 6,955

Investment Type	June 30, 2019				
	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

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, 2020, as reported at fair value, the Commission's U.S. agency securities consist of \$215,573,000 Federal Farm Credit Bank (FFCB), \$76,395,000 Federal Home Loan Bank (FHLB), \$6,487,000 Fannie Mae, and \$71,182,000 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 \$415,546,000 and \$410,418,000 as of June 30, 2020 and 2019, respectively.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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Notes to the Financial Statements (*Continued*)

### 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, 2020:

<u>Issuer</u>	<u>Percent of Total Investments</u>
Federal Farm Credit Bank (FFCB)	43.3%
Morgan Stanley Institutional Liquidity Funds Government Portfolio	16.4%
Federal Home Loan Bank (FHLB)	15.3%
Federal Home Loan Mortgage Corporation (Freddie Mac)	14.3%

### 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.



## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Notes to the Financial Statements (Continued)

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 \$22,608,000 at June 30, 2020 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, 2020 include \$3,927,000 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, 2020 and 2019 (in thousands):

	<u>2020</u>	<u>2019</u>
Total mortgage loan principal outstanding	\$ 503,928	\$ 529,818
Less: Allowance for mortgage loan losses	(40,197)	(42,238)
<u>Mortgage loans, net</u>	<u>463,731</u>	<u>487,580</u>
Total mortgage-backed securities, at cost	1,157,372	1,002,134
Unrealized gain on securitized mortgage loans	43,096	15,600
<u>Mortgage-backed securities, at fair value</u>	<u>1,200,468</u>	<u>1,017,734</u>
<u>Mortgage investments, net</u>	<u>\$ 1,664,199</u>	<u>\$ 1,505,314</u>

Mortgages include loans financed by the federal HOME Investment Partnerships Program (HOME) totaling \$221,276,000 and \$219,715,000 as of June 30, 2020 and 2019, respectively. A portion of these loans totaling \$128,558,000 and \$120,439,000 at June 30, 2020 and 2019, respectively, include prepayment terms allowing deferment or repayment based on net income of the multifamily developments. An estimated allowance for mortgage loan losses of \$21,913,000 and \$21,931,000 is attributable to this portfolio at June 30, 2020 and 2019, respectively. In addition, there were \$42,540,000 and \$44,692,000 in mortgages outstanding at June 30, 2020 and 2019, respectively, 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, 2020 and 2019, mortgages also include \$27,691,000 and \$28,000,000, respectively, in loans financed by the federal Tax Credit Assistance Program (TCAP). An estimated allowance for mortgage loan losses of \$3,736,000 and \$3,769,000 is attributable to this portfolio at June 30, 2020 and 2019, respectively.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Notes to the Financial Statements *(Continued)*

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 \$49,103,000 and \$60,298,000 at June 30, 2020 and 2019, respectively, and warehoused mortgage-backed securities totaling \$22,316,000 at June 30, 2020 are pledged as collateral for the short-term FHLB advances. There were warehoused mortgage-backed securities totaling \$64,011,000 and \$57,028,000 held at June 30, 2020 and 2019, 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 Freddie Mac-qualified 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 \$42,705,000 and \$36,515,000 during fiscal years 2020 and 2019, 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 \$83,523,000, representing 45 loans as of June 30, 2020 and \$112,874,000, representing 49 loans as of June 30, 2019.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

### Notes to the Financial Statements (Continued)

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, 2020 have stated interest rates ranging from 2.25% to 7.75%, while the underlying mortgages have stated interest rates ranging from 2.75% 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, 2020, the par value of securitized mortgage loans consist of 85.4% GNMA, 7.9% Fannie Mae and 6.7% 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, 2020 and 2019 (in thousands):

	2020		2019	
	Carrying Value	Cost	Carrying Value	Cost
GNMA, Fannie Mae and Freddie Mac mortgage-backed securities	\$ 1,200,468	\$ 1,157,372	\$ 1,017,734	\$ 1,002,134
Other mortgage loans	503,928	503,928	529,818	529,818
<b>Total mortgage investments</b>	<b>\$ 1,704,396</b>	<b>\$ 1,661,300</b>	<b>\$ 1,547,552</b>	<b>\$ 1,531,952</b>

The Commission's recurring fair value measurements as of June 30, 2020 include the GNMA, Fannie Mae and Freddie Mac certificates totaling \$1,200,468,000 valued using a matrix pricing technique, which utilizes pricing indices, index spreads and other market reference data (Level 2 inputs).

# MISSOURI HOUSING DEVELOPMENT COMMISSION

## Notes to the Financial Statements (Continued)

### 5. Bonds Payable and Long-Term Obligations

The following table provides a summary of the changes in long-term obligations for the years ended June 30, 2020 and 2019 (in thousands):

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Amount Due Within One Year
<b>Publicly Sold Bonds</b>					
Multifamily Bond-Financed Program (2000 Indenture)	\$ 72,847	\$ —	\$ (15,547)	\$ 57,300	\$ 2,365
Multifamily Bond-Financed Program (2014 Indenture)	34,695	—	(16,159)	18,536	739
Homeownership Bond-Financed Program (1995 Indenture)	8,790	—	(8,790)	—	—
Special Homeownership Bond-Financed Program (2009 Indenture)	174,019	—	(95,314)	78,705	4,398
First Place Homeownership Bond-Financed Program (2015 Indenture)	639,092	375,470	(97,079)	917,483	26,935
<b>Total Publicly Sold</b>	<b>929,443</b>	<b>375,470</b>	<b>(232,889)</b>	<b>1,072,024</b>	<b>34,437</b>
<b>Direct Borrowings and Direct Placements</b>					
Operating Fund - Direct Borrowings	57,781	881,299	(877,559)	61,521	61,521
Other Multifamily Bond-Financed Programs (Conduit Debt)	39,833	—	(1,516)	38,317	6,625
Homeownership Bond-Financed Program (1995 Indenture)	1,753	—	(157)	1,596	52
Special Homeownership Bond-Financed Program (2009 Indenture)	21,160	—	(21,160)	—	—
<b>Total Direct Borrowings and Direct Placements</b>	<b>120,527</b>	<b>881,299</b>	<b>(900,392)</b>	<b>101,434</b>	<b>68,198</b>
<b>Total bonds and notes payable</b>	<b>1,049,970</b>	<b>1,256,769</b>	<b>(1,133,281)</b>	<b>1,173,458</b>	<b>102,635</b>
<b>Unamortized premium and discount, net</b>	<b>22,776</b>	<b>13,126</b>	<b>(6,357)</b>	<b>29,545</b>	<b>851</b>
<b>Total bonds and notes payable, net</b>	<b>1,072,746</b>	<b>—</b>	<b>—</b>	<b>1,203,003</b>	<b>103,486</b>
<b>Unearned revenue</b>	<b>9,665</b>	<b>656</b>	<b>(1,501)</b>	<b>8,820</b>	<b>1,355</b>
<b>Total long-term debt and other obligations</b>	<b>\$ 1,082,411</b>	<b>\$ 656</b>	<b>\$ (1,501)</b>	<b>\$ 1,211,823</b>	<b>\$ 104,841</b>

## MISSOURI HOUSING DEVELOPMENT COMMISSION

### Notes to the Financial Statements *(Continued)*

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Amount Due Within One Year
<b>Publicly Sold Bonds</b>					
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
<b>Total Publicly Sold</b>	<b>858,873</b>	<b>190,000</b>	<b>(119,430)</b>	<b>929,443</b>	<b>31,356</b>
<b>Direct Borrowings and Direct Placements</b>					
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	—
<b>Total Direct Borrowings and Direct Placements</b>	<b>122,090</b>	<b>877,296</b>	<b>(878,859)</b>	<b>120,527</b>	<b>58,682</b>
<b>Total bonds and notes payable</b>	<b>980,963</b>	<b>1,067,296</b>	<b>(998,289)</b>	<b>1,049,970</b>	<b>90,038</b>
<b>Unamortized premium and discount, net</b>	<b>20,499</b>	<b>6,245</b>	<b>(3,968)</b>	<b>22,776</b>	<b>639</b>
<b>Total bonds and notes payable, net</b>	<b>1,001,462</b>	<b>1,073,541</b>	<b>(1,002,257)</b>	<b>1,072,746</b>	<b>90,677</b>
<b>Unearned revenue</b>	<b>9,913</b>	<b>1,448</b>	<b>(1,696)</b>	<b>9,665</b>	<b>1,398</b>
<b>Total long-term debt and other obligations</b>	<b>\$ 1,011,375</b>	<b>\$ 1,074,989</b>	<b>\$ (1,003,953)</b>	<b>\$ 1,082,411</b>	<b>\$ 92,075</b>

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.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

### Notes to the Financial Statements *(Continued)*

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, 2020 and 2019 follows (in thousands), including the applicable calendar date reference for future maturities or final redemption:

	Original Amount	Outstanding	
	Authorized	2020	2019
<b>Multifamily Bond-Financed Program (2000 Indenture)</b>			
2003 Series 8 Stratford Commons - Redeemed June 2020	\$ 4,385	\$ —	\$ 1,610
2004 Series 5 FP-San Remo Apts. - Called for Redemption September 2020	3,785	1,675	1,745
2005 Series 6 Ivanhoe Gardens Apts. - Called for Redemption September 2020	4,240	1,885	1,955
2006 Series 1 Meadow Ridge Townhouses - Called for Redemption September 2020	6,360	1,910	1,980
2006 Series 4 Justin Place Apts. - Redeemed June 2020	5,640	—	1,875
2006 Series 5 Metropolitan Village Apts. - Redeemed June 2020	5,960	—	4,660
2007 Series 1 Linden Campus Apts. - Called for Redemption September 2020	3,980	1,710	1,740
2009 Series 1 Courthouse Apts. - Redeemed May 2020	18,940	—	5,065
2010 Series 1 Basie Court Apts. - Called for Redemption September 2020	4,967	1,241	1,276
2010 Series 2 Samantha Heights Apts. (3.50% to 4.75%), due 2020 - 2042	8,610	5,305	5,450
2010 Series 3 Wesley Senior Towers Apts. (3.80% to 5.125%), due 2020- 2042	5,395	2,450	2,515
2010 Series 4 Lucas Heights Apts. (4.05% to 5.40%), due 2020 - 2042	8,175	3,095	3,165
2010 Series 5 Grandview Estates (4.00% to 5.25%), due 2020 - 2042	3,531	874	896
2012 Series 1 Refunding Bonds (2.55% to 4.25%), due 2020-2038	42,740	17,100	18,115
2013 Series 1 Friendship Village (2.00% to 3.75%), due 2020 - 2045	6,555	2,890	2,970
2013 Series 2 Refunding Bonds (2.60% to 4.625%), due 2020-2040	15,560	8,930	9,405
2013 Series 3 Shepard Apts. (2.75% to 5.00%), due 2020-2045	12,030	6,625	6,775
2013 Series 4 House Springs Apts. (2.50% to 5.00%) due 2020-2045	2,555	1,610	1,650
	163,408	57,300	72,847
Less: Unamortized debt discount	—	(25)	(41)
Add: Unamortized debt premium	—	163	308
	163,408	57,438	73,114

# MISSOURI HOUSING DEVELOPMENT COMMISSION

## Notes to the Financial Statements (Continued)

	Original Amount Authorized	Outstanding	
		2020	2019
<b>Multifamily Bond - Financed Program (2014 Indenture)</b>			
2014 Series 1 Refunding Bonds (4.20%), due 2040	\$ 23,742	\$ 6,146	\$ 14,218
2015 Series 1 Refunding Bonds (3.75%), due 2042	12,120	8,056	8,274
2015 Series 2 Refunding Bonds (3.875%), due 2036	13,654	4,334	12,203
	<u>49,516</u>	<u>18,536</u>	<u>34,695</u>
<b>Other Multifamily Bond - Financed Programs (Conduit Debt) - Direct Placements</b>			
Series 1999 East Hills Village Apts. - Called for Redemption September 2020	2,750	1,725	1,825
Series 2004 Bridgeport Apts. (6.60%), due 2041	6,580	5,535	5,648
2005 Series I-A Lakewood Apts. (5.25%), due 2035*	2,750	1,040	1,080
2006 Series I Bainbridge Apts. (5.75%), due 2020 - 2048	15,046	3,422	3,470
2006 Series II Georgian Court Apts. (5.75%), due 2020 - 2048	8,721	1,733	1,758
2006 Series III Linda Vista Apts. (5.75%), due 2020 - 2048	5,329	845	856
2006 Series VII Cedar Tree Apts. (5.73%), due 2026	2,500	1,513	1,544
2006 Series VIII Elmwood Estates Apts. (5.73%), due 2026	3,200	2,310	2,358
2006 Series IX Catalpa Tree Apts. (5.73%), due 2026	1,800	1,126	1,149
2006 Series X Center Apts. (5.73%), due 2026	1,900	1,047	1,068
2007 Series I Park Ridge Apts. (4.00%), due 2039	12,000	6,521	7,315
2007 Series II Mexico I Apts. (5.88%), due 2026	1,100	542	559
2007 Series III Princeton Manor Apts. (variable rate), due 2027	2,152	1,401	1,424
2007 Series IV Oakwood Terrace Apts. (variable rate), due 2027	970	691	702
2007 Series V Westside Apts. (variable rate), due 2027	2,400	740	762
2007 Series VI Longfellow Apts. (variable rate), due 2040	6,400	2,260	2,315
2011 Series I Brookstone Village (6.00%), due 2021	6,800	5,866	6,000
	<u>82,398</u>	<u>38,317</u>	<u>39,833</u>
<b>Total Multifamily Bond - Financed Programs</b>	<u>295,322</u>	<u>114,291</u>	<u>147,642</u>
<b>Homeownership Bond - Financed Program (1995 Indenture)</b>			
<b>Publicly Sold Bonds:</b>			
2009 Series C - Redeemed September 2019*	40,000	—	2,360
2009 Series D - Redeemed September 2019*	45,000	—	6,430
	<u>85,000</u>	<u>—</u>	<u>8,790</u>
<b>Direct Placements:</b>			
2008 Series C-4 (5.06%), due 2039*, **	10,000	1,061	1,202
2009 Series B-2 (4.64%), due 2040*, **	5,000	535	551
	<u>15,000</u>	<u>1,596</u>	<u>1,753</u>
	<u>100,000</u>	<u>1,596</u>	<u>10,543</u>
Add: Unamortized debt premium	—	—	67
	<u>100,000</u>	<u>1,596</u>	<u>10,610</u>

# MISSOURI HOUSING DEVELOPMENT COMMISSION

## Notes to the Financial Statements (Continued)

	Original	Outstanding	
	Amount	2020	2019
	Authorized		
<b>Special Homeownership Bond - Financed Program (2009 Indenture)</b>			
<b>Publicly Sold Bonds:</b>			
2009 Series E-1 Market Bonds - Redeemed November 2019*	\$ 40,000	\$ —	\$ 1,540
2009 Series E-2 Market Bonds - Defeased April 2020*	40,000	—	2,975
2009 Series E-3 Market Bonds - Defeased April 2020*	40,000	—	6,260
2009 Series E-4 Market Bonds - Defeased April 2020*	50,000	—	13,585
2013 Series A - Redeemed May 2020*	45,220	—	14,750
2013 Series B - Defeased April 2020*	54,010	—	17,080
2013 Series C - Defeased April 2020*	47,840	—	18,245
2013 Series D (2.55%), due 2034*	44,924	10,102	12,723
2014 Series A (2.00% to 4.00%), due 2020 - 2041*	50,000	19,590	25,620
2014 Series B (1.85% to 4.00%), due 2020 - 2040*	50,000	23,230	29,725
2014 Series C (2.97%), due 2036*	40,579	11,499	14,009
2016 Series C (2.40%), due 2044*	31,503	14,284	17,507
	<u>534,076</u>	<u>78,705</u>	<u>174,019</u>
<b>Direct Placement:</b>			
2009 Series E-4 Program Bonds - Redeemed June 2020*	50,000	—	21,160
	<u>584,076</u>	<u>78,705</u>	<u>195,179</u>
Add: Unamortized debt premium	—	1,174	1,905
	<u>584,076</u>	<u>79,879</u>	<u>197,084</u>
<b>First Place Homeownership Bond - Financed Program (2015 Indenture)</b>			
2015 Series A (1.65% to 3.75%), due 2020 - 2038*	60,000	27,100	35,665
2015 Series B-1 (4.00%), due 2045*	23,090	7,100	9,455
2015 Series B-2 (1.85% to 4.00%), due 2020 - 2045*	50,000	20,160	28,130
2015 Series C (1.65% to 4.00%), due 2020 - 2036*	56,000	25,310	35,035
2016 Series A-2 (1.35% to 4.00%), due 2020 - 2040*	70,000	38,735	49,250
2016 Series B (1.15% to 3.50%), due 2020 - 2041*	70,000	44,950	55,010
2016 Series D (3.40%), due 2046*	51,489	37,113	41,915
2017 Series A-1 (4.00%), due 2042*	14,400	10,435	12,435
2017 Series A-2 (1.40% to 4.00%), due 2020 - 2042*	50,000	30,885	37,810
2017 Series B (3.25%), due 2047*	54,241	38,881	45,644
2017 Series C (3.30%), due 2047*	53,939	43,356	49,403
2017 Series D (1.80% to 4.00%), due 2020 - 2047*	54,500	46,900	52,250
2018 Series A (1.75% to 4.25%), due 2020 - 2049*	55,000	49,030	52,975
2018 Series B (2.20% to 4.75%), due 2020 - 2049*	70,000	65,460	69,115
2019 Series A (1.70% to 4.25%), due 2020 - 2047*	65,000	61,730	65,000
2019 Series B (1.35% to 4.00%), due 2020 - 2050*	80,000	77,450	—
2019 Series C (1.25% to 3.875%), due 2020 - 2050*	120,000	118,605	—
2020 Series A (.95% to 3.50%), due 2020 - 2050*	100,000	100,000	—
2020 Series B (2.25% to 2.625%) due 2043*	75,470	74,283	—
	<u>1,173,129</u>	<u>917,483</u>	<u>639,092</u>
Less: Unamortized debt discount	—	(165)	(181)
Add: Unamortized debt premium	—	28,398	20,718
	<u>1,173,129</u>	<u>945,716</u>	<u>659,629</u>
<b>Total Single Family Bond - Financed Programs</b>	<u>1,857,205</u>	<u>1,027,191</u>	<u>867,323</u>
Total bonds payable, net	<u>\$ 2,152,527</u>	<u>\$ 1,141,482</u>	<u>\$ 1,014,965</u>

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.



## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Notes to the Financial Statements *(Continued)*

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, 2020 and 2019, the Commission redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds. Net gains of \$2,742,000 and \$2,340,000 for the years ended June 30, 2020 and 2019, respectively, on early extinguishment of debt have been recorded and included with other income. These gains arise as a result of immediate recognition of bond premiums, net of immediate recognition of bond discounts, that would have been amortized over the life of the applicable bond issue if not retired and net of call premiums as required by the applicable bond indentures.

#### **Bond Refunding and Defeased Debt**

During fiscal year 2020 the Commission issued Single Family Mortgage Revenue Refunding Bonds 2020 Series B in the aggregate amount of \$75,470,000. The proceeds of the refunding bonds were used to defease and refund the outstanding Single Family Mortgage Revenue Bonds 2009 Series E-2 Market Bonds, 2009 Series E-3 Market Bonds, 2009 Series E-4 Market Bonds, 2009 Series E-4 Program Bonds, 2013 Series A, 2013 Series B and 2013 Series C. The refunding resulted in a difference between the reacquisition price and the net carrying amount of approximately \$836,000. This difference, reported in the accompanying financial statements as deferred outflows of resources, is being recognized in operations through the year 2041 using the bonds outstanding method. The Commission completed the advance refunding to decrease its total debt service payments over the next 23 years by approximately \$2,079,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$816,000.

The proceeds of the 2020 Series B bonds were placed into an irrevocable trust account to provide for the future debt service payment of the defeased bonds. Accordingly, the trust account assets and liabilities of the defeased bonds are not included on the Commission’s financial statements. At June 30, 2020 defeased bonds totaling \$45,560,000 remain outstanding, which include the bonds refunded during the current fiscal year. The irrevocable trust account held by the trustee included escrowed securities totaling \$46,436,000 at June 30, 2020 consisting of direct non-callable obligations of the United States.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

Notes to the Financial Statements (Continued)

### 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 and mortgage-backed 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 \$61,521,000 and \$51,886,000 outstanding at June 30, 2020 and 2019, respectively. The short-term FHLB advances included rollover financings of \$712,983,000 and \$683,652,000 in fiscal years 2020 and 2019, respectively. The principal and interest on the short-term FHLB advances is payable at maturity as follows (in thousands):

Maturity Date	Interest		Principal	Interest	Total
	Rate				
2020	0.44%	\$ 61,521	\$ 13	\$ 61,534	

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 was paid in full in fiscal year 2020.

### 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			Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 34,437	\$ 34,483	\$ 68,920	\$ 68,198	\$ 1,993	\$ 70,191
2022	30,420	34,827	65,247	857	1,731	2,588
2023	31,298	33,997	65,295	909	1,682	2,591
2024	32,257	33,111	65,368	962	1,632	2,594
2025	33,147	32,161	65,308	1,017	1,578	2,595
2026 - 2030	183,952	144,424	328,376	12,776	5,616	18,392
2031 - 2035	218,219	111,102	329,321	5,092	3,834	8,926
2036 - 2040	212,221	73,207	285,428	8,172	2,217	10,389
2041 - 2045	176,901	38,496	215,397	2,263	619	2,882
2046 - 2050	118,052	9,777	127,829	1,188	107	1,295
2051 - 2055	1,120	19	1,139	—	—	—
	<u>\$ 1,072,024</u>	<u>\$ 545,604</u>	<u>\$ 1,617,628</u>	<u>\$ 101,434</u>	<u>\$ 21,009</u>	<u>\$ 122,443</u>

**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.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Notes to the Financial Statements (Continued)

As of June 30, 2020 and 2019, 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):

	<u>2020</u>	<u>2019</u>
Program and Construction Funds - construction escrows and other restricted funds	\$ 64,857	\$ 74,296
Mortgage Escrow Accounts - insurance, taxes, replacement reserves and other mortgage escrows	118,739	123,325
Federal Program Funds	19,521	15,545
Missouri Housing Trust Fund	2,631	3,022
Bond Proceeds Accounts - funds for purchase of qualified mortgage-backed securities or mortgage loans and payment of costs of issuance	25,235	13,506
Revenue and Debt Service Funds - program revenues for debt services payments	45,974	46,378
Debt Service and Other Bond Reserve Accounts - reserves held as required by bond indentures, including: debt service reserves, mortgage reserves and capitalized interest	23,310	22,021
	<u>\$ 300,267</u>	<u>\$ 298,093</u>

### 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 and mortgage-backed 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.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

### Notes to the Financial Statements (Continued)

Below is a summary of restricted net position by bond resolution and state statute as of June 30, 2020 and 2019 (in thousands):

	<u>2020</u>	<u>2019</u>
<b>Restricted Net Position</b>		
Restricted by bond resolution	\$ 201,822	\$ 172,104
Restricted by collateral custodial agreement - FHLB	71,419	60,298
Restricted by grant agreement - HOME Investment Partnership Program	240,907	235,333
Restricted by grant agreement - TCAP	28,526	30,587
Restricted earnings of HUD-purchased Loans	14,006	10,348
Restricted by state statute - Missouri Housing Trust Fund	2,468	2,961
	<hr/>	<hr/>
<b>Total Restricted Net Position</b>	<b>\$ 559,148</b>	<b>\$ 511,631</b>

### 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, 2020 and 2019, has designated the following amounts (in thousands):

	<u>2020</u>	<u>2019</u>
<b>Designated by Commission for:</b>		
Tenant assistance	\$ 18,808	\$ 1,222
Loans not funded by a bond sale	116,702	103,498
Construction loan commitments	47,000	47,000
Loan and other commitments not yet disbursed	35,481	30,435
Home Improvement and Multifamily Interest Subsidy Program	-	4,976
Single Family Homeownership Program	20,000	20,000
Single Family Cash Assistance Program	21,500	21,500
Emergency Solutions Grant Program	100	335
Rural Initiative Program	686	859
	<hr/>	<hr/>
<b>Total Commission Designated Net Position</b>	<b>\$ 260,277</b>	<b>\$ 229,825</b>

## 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](http://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 31.

**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, 2020 and 2019 was 21.77% and 20.21% of annual payroll, respectively, which totaled \$1,216,000 and \$1,126,000 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 \$1,126,000 and \$1,132,000 for MOSERS plan years ended June 30, 2019 and 2018, respectively.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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Notes to the Financial Statements *(Continued)*

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

At June 30, 2020 and 2019, the Commission reported a liability of \$17,324,000 and \$16,698,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, 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, 2019 and 2018 was offset by the fiduciary net position obtained from the MOSERS CAFR as of June 30, 2019 and 2018, 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, 2019. At the June 30, 2019 measurement date, the Commission's proportion was 0.28676%, a slight decrease from 0.2993% as of the June 30, 2018 measurement date.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2019 that affected the measurement of total pension liability.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Notes to the Financial Statements *(Continued)*

#### **Actuarial Assumptions**

The total pension liability in the June 30, 2019 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:

#### **Summary of Key Actuarial Assumptions**

Valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Amortization period	30 years
Investment rate of return	7.10%
Salary increases	2.85% to 8.35%
Rate of payroll growth	2.35%
COLAs	4.00%/1.88%*
Price inflation	2.35%

*\* On a compound basis, 4.00% for the first 12 years, 3.06% for the 13th year, and 1.88% per year thereafter. When no minimum COLA is in effect, the annual COLA is assumed to be 1.88% (80% of the 2.35% price inflation), on a compounded basis.*

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2015. In addition, the investment return assumption was reduced from 7.25% to 7.10% for the June 30, 2019 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.



# MISSOURI HOUSING DEVELOPMENT COMMISSION

## Notes to the Financial Statements (Continued)

### ***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, volatility and correlations. A new portfolio allocation was adopted in July 2018 that is designed to provide the highest probability of meeting or exceeding investment objectives at a controlled level of risk and with acceptable liquidity. A plan was adopted to transition from the old portfolio allocation to a new portfolio allocation over a period of time in order to lessen the impact of market volatility. Best estimates of the real rates of return expected for both the old and new portfolio are summarized by asset class in the following tables, respectively:

#### **Long-Term Expected Rate of Return - Old Portfolio**

<b>Asset Class</b>	<b>Policy Allocation</b>	<b>Long-term Expected Real Rate of Return *</b>	<b>Weighted Average Long-Term Expected Real Rate of Return</b>
Opportunistic global equity	38.0%	8.3%	3.1%
Nominal bonds	44.0%	3.3%	1.5%
Commodities	20.0%	7.8%	1.6%
Inflation-protected bonds	39.0%	2.4%	0.9%
Alternative beta	31.0%	6.6%	2.0%
Cash and cash equivalents**	-72.0%	—	-0.7%
	<u>100.0%</u>		<u>8.4%</u>
		Correlation/Volatility Adjustment	<u>-0.7%</u>
		Long-Term Expected Net Nominal Return	<u>7.7%</u>
		Long-Term Expected Geometric Net Real Return	<u>5.2%</u>

\* Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for each portfolio.

\*\* Cash and cash equivalents policy allocation amounts are negative due to use of leverage.

# MISSOURI HOUSING DEVELOPMENT COMMISSION

## Notes to the Financial Statements (Continued)

### Long-Term Expected Rate of Return - New Portfolio

<b>Asset Class</b>	<b>Policy Allocation</b>	<b>Long-term Expected Real Rate of Return *</b>	<b>Weighted Average Long-Term Expected Real Rate of Return</b>
Global public equities	30.0%	7.7%	2.3%
Global private equities	15.0%	9.3%	1.4%
Long treasuries	25.0%	3.5%	0.9%
Core bonds	10.0%	3.1%	0.3%
Commodities	5.0%	5.5%	0.3%
TIPS	25.0%	2.7%	0.7%
Private real assets	5.0%	7.1%	0.3%
Public real assets	5.0%	7.7%	0.4%
Hedge funds	5.0%	4.8%	0.2%
Alternative beta	10.0%	5.3%	0.5%
Private credit	5.0%	9.5%	0.5%
Cash and cash equivalents**	-40.0%	—	—
	<u>100.0%</u>		<u>7.8%</u>
		Correlation/Volatility Adjustment	<u>-0.6%</u>
		Long-Term Expected Net Nominal Return	<u>7.2%</u>
		Long-Term Expected Geometric Net Real Return	<u>5.3%</u>

\* Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for each portfolio.

\*\* Cash and cash equivalents policy allocation amounts are negative due to use of leverage.

### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.10%. 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.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

Notes to the Financial Statements (Continued)

### 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 7.10%, 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 (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Commission's proportionate share of net pension liability (in thousands)	\$ 21,855	\$ 17,324	\$ 13,514

### 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, 2020, the Commission recognized pension expense of \$3,251,000 as compared to \$2,893,000 for the fiscal year ended June 30, 2019.

### Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020 and 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15	\$ 201
Changes of assumptions	692	—
Net difference between projected and actual earnings on pension plan investments	1,345	—
Changes in proportion and differences between Commission contributions and proportionate share of contributions	—	657
Commission contributions subsequent to the measurement date of 6-30-19	1,216	—
<b>Total</b>	<b>\$ 3,268</b>	<b>\$ 858</b>

## MISSOURI HOUSING DEVELOPMENT COMMISSION

### Notes to the Financial Statements (Continued)

<b>June 30, 2019</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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	—
<b>Total</b>	<b>\$ 4,644</b>	<b>\$ 824</b>

\$1,216,000 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date of June 30, 2019 will be recognized as a reduction of the net pension liability in the Commission's financial statements for the fiscal year ended June 30, 2021. 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):

<b>Commission's Fiscal Year Ending June 30:</b>	<b>Amount</b>
2021	\$ 684
2022	246
2023	119
2024	145
<b>Total</b>	<b>\$ 1,194</b>

#### **Payables to the Pension Plan**

The Commission had payables to MOSERS of \$52,000 and \$46,000 as of June 30, 2020 and 2019, respectively, 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](http://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 and preferred provider organization plans (PPO 1250 and PPO 750). Health care benefits are funded through both employer and retiree contributions.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Notes to the Financial Statements (*Continued*)

**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 PPO 1250 healthcare plan 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 \$51,242,000 and \$53,157,000 toward their required contributions for the plan years ended June 30, 2019 and 2018, respectively. The Commission’s required contribution rate for the fiscal years ended June 30, 2020 and 2019 ranged from 3.41% to 4.65% and from 4.33% to 6.19% of annual payroll, respectively, which totaled \$221,000 and \$253,000 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 \$253,000 and \$224,000 for the plan years ended June 30, 2019 and 2018, respectively.

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

At June 30, 2020 and 2019, the Commission reported a liability of \$5,451,000 and \$5,686,000, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and 2018, 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, 2019 measurement date, the Commission’s proportion was 0.3082%, a slight decrease from 0.3245% as of the June 30, 2018 measurement date.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Notes to the Financial Statements (Continued)

For the fiscal years ending June 30, 2020 and 2019, the Commission recognized OPEB expense of \$143,000 and \$387,000, respectively. At June 30, 2020 and 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>June 30, 2020</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 193	\$ 77
Changes of assumptions	—	238
Net difference between projected and actual earnings on pension plan investments	9	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	119	505
Commission contributions subsequent to the measurement date of 6-30-19	221	—
<b>Total</b>	<b>\$ 542</b>	<b>\$ 820</b>

<b>June 30, 2019</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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	—
<b>Total</b>	<b>\$ 399</b>	<b>\$ 520</b>

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Notes to the Financial Statements *(Continued)*

\$221,000 reported as deferred outflows of resources related to OPEB resulting from Commission contributions subsequent to the measurement date of June 30, 2019 will be recognized as a reduction of the net OPEB liability in the Commission's financial statements for the fiscal year ended June 30, 2021. 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:

<b>Commission's Fiscal Year Ending June 30:</b>	<b>Amount</b>
2021	\$ 68
2022	68
2023	68
2024	78
2025	81
Thereafter	136
<b>Total</b>	<b>\$ 499</b>

### **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.



## MISSOURI HOUSING DEVELOPMENT COMMISSION

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### Notes to the Financial Statements *(Continued)*

The cost method utilized for the valuation year June 30, 2019, 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, 2018 - June 30, 2019
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	5.24%
Expected Return on Assets	5.5%
Municipal Bond Rate	3.5%
Compensation/Salary Increases	4.0%
	Non-Medicare: 6.0% in fiscal year 2019, decreasing by 0.25% per year to an ultimate of 5.0% in 2023.
Health Care Cost Trend Rate (Medical and Prescription Drugs combined)	Medicare 10.0% in fiscal year 2019 and 2020, 22.0% in fiscal 2021, 10.0% in fiscal 2022 and 2023, 9.5% in fiscal 2024, 9.0 % in fiscal 2025, 8.5% in fiscal 2026, then 8.0% in fiscal 2027 decreasing by 1.0% per year until an ultimate of 5.0% in fiscal year 2030 and after.
Administration expense	\$202 per person

The discount rate was changed to 5.24% from 5.90%. The expected return on asset assumption was changed from 6.50% to 5.50%.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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Notes to the Financial Statements (*Continued*)

### ***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, 2019:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Real Return</b>
Large cap stocks	16%	8.5%
Mid cap stocks	7%	8.8%
Small cap stocks	7%	8.8%
High-yield bonds	5%	9.0%
BarCap Aggregate bonds	63%	3.7%
Cash equivalents	2%	3.3%

### ***Rate of Return***

For the fiscal year ended June 30, 2019, the annual money weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 4.30%. 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 5.24% 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, 2019, 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.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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Notes to the Financial Statements *(Continued)*

### **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 5.24%, 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 (4.24%) or 1-percentage-point higher (6.24%) than the current rate:

	<b>1% Decrease (4.24%)</b>	<b>Current Discount Rate (5.24%)</b>	<b>1% Increase (6.24%)</b>
Commission's proportionate share of net OPEB liability (in thousands)	\$ 6,469	\$ 5,451	\$ 4,645

### **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:

	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
Commission's proportionate share of net OPEB liability (in thousands)	\$ 4,584	\$ 5,451	\$ 6,554

### **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.

## MISSOURI HOUSING DEVELOPMENT COMMISSION

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Notes to the Financial Statements *(Continued)*

### 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, 2020 and 2019 was \$803,000 and \$795,000, respectively. Future minimum lease payments for these leases are as follows (in thousands):

<u>Year</u>	<u>Amount</u>
2021	\$ 682
2022	697
2023	713
2024	728
2025	558
2026 - 2027	626
	<u>\$ 4,004</u>

#### 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, 2020.

The Commission is the administrator of the Project-Based Section 8 program in the State. This contract, which terminates January 31, 2021, resulted in \$152,808,000 in housing assistance payment revenue and expense activity for the fiscal year ended June 30, 2020. HUD has the option to extend the current contract two additional six month terms and is expected to competitively bid this program administration at a future time.

## **MISSOURI HOUSING DEVELOPMENT COMMISSION**

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Notes to the Financial Statements *(Continued)*

### **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, 2020 and 2019. 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.

### **COVID-19 Pandemic**

The outbreak of 2019 coronavirus (COVID-19), which was recognized as a global pandemic in March 2020 by the World Health Organization, has prompted governmental entities, businesses, organizations, and housing finance agencies, including the Commission, to implement preventative and protective measures, including how business activities are conducted. The pandemic has resulted in a widespread economic downturn and created significant uncertainty, volatility and disruption in financial and business activities. The extent of the pandemic's impact on the Commission's operations and financial condition will depend on future developments, which are uncertain, including, but not limited to, the duration and severity of the pandemic, the effects of the pandemic on the economy, the remedial actions and stimulus measures adopted by the federal government, and to what extent normal economic and business activities can resume.

### **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.

## **MISSOURI HOUSING DEVELOPMENT COMMISSION**

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### Notes to the Financial Statements *(Continued)*

The Commission has committed to mortgage loans funded by the operating fund net position of \$56,995,000 that have not been disbursed as of June 30, 2020.

### **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 2020 Series C bonds totaling \$55,000,000 in July 2020.

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**Required Supplementary Information**

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# MISSOURI HOUSING DEVELOPMENT COMMISSION

## 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	June 30, 2019
Commission's proportion of the net pension liability or asset	0.3044%	0.3030%	0.3148%	0.3141%	0.2993%	0.28676%
Commission's proportionate share of the net pension liability	\$ 7,178	\$ 9,714	\$ 14,613	\$ 16,355	\$ 16,698	\$ 17,324
Commission's covered payroll	\$ 5,481	\$ 5,856	\$ 6,097	\$ 6,182	\$ 5,818	\$ 5,571
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%	310.97%
Plan fiduciary net position as a percentage of the total pension liability	79.49%	77.62%	63.60%	60.41%	59.02%	56.72%

### 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	June 30, 2020
Required contribution	\$ 993	\$ 994	\$ 1,035	\$ 1,049	\$ 1,132	\$ 1,126	\$ 1,216
Contributions in relation to the required contribution	\$ 993	\$ 994	\$ 1,035	\$ 1,049	\$ 1,132	\$ 1,126	\$ 1,216
Contribution deficiency	—	—	—	—	—	—	—
Commission's covered payroll	\$ 5,481	\$ 5,856	\$ 6,097	\$ 6,182	\$ 5,818	\$ 5,571	\$ 5,585
Contributions as a percentage of covered payroll	18.13%	16.97%	16.97%	16.97%	19.45%	20.21%	21.77%

**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 assumptions.** The board reduced the investment return assumption used in the June 30, 2019 valuation to 7.10% with a 2.35% inflation assumption. In addition, for the June 30, 2019 valuation assumptions, the general wage growth was lowered to 2.60%, payroll growth lowered to 2.35% and the cost-of living adjustment lowered to 1.88%.



# MISSOURI HOUSING DEVELOPMENT COMMISSION

## 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	June 30, 2019
Commission's proportion of the net OPEB liability	0.3424%	0.3245%	0.3082%
Commission's proportionate share of the net OPEB liability	\$ 6,042	\$ 5,686	\$ 5,451
Commission's covered payroll	\$ 5,542	\$ 5,245	\$ 5,026
Commission's proportionate share of the net OPEB liability as a percentage of its covered payroll	109.02%	108.41%	108.46%
Plan fiduciary net position as a percentage of the total OPEB liability	6.64%	6.90%	7.31%

### Schedule of Commission's Contributions

	Commission Fiscal Year Ended			
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Required contribution	\$ 230	\$ 224	\$ 253	\$ 221
Contributions in relation to the required contribution	\$ 230	\$ 224	\$ 253	\$ 221
Contribution deficiency	—	—	—	—
Commission's covered payroll	\$ 5,542	\$ 5,245	\$ 5,026	\$ 5,187
Contributions as a percentage of covered payroll	4.14%	4.27%	5.03%	4.26%

#### **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**

The discount rate was changed to 5.24% and the expected return on asset assumption was changed to 5.50% as of June 30, 2019. Medical benefits for Medicare-eligible participants moved to a Medicare Advantage plan, which decreased the per capital claims cost assumption.

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**Supplementary Information**

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# MISSOURI HOUSING DEVELOPMENT COMMISSION

## COMBINING STATEMENT OF NET POSITION

Page 1 of 2  
**June 30, 2020**  
(In Thousands)

Assets	Operating	Bond-Financed Programs		Total
		Multifamily	Single Family	
<b>Current Assets</b>				
Cash and cash equivalents	\$ 16,415	\$ —	\$ —	\$ 16,415
Investments	21,401	—	—	21,401
Mortgage investments	17,576	—	—	17,576
Accrued interest receivable	2,138	—	—	2,138
Accounts receivable - other	1,302	—	—	1,302
Real estate owned	4,500	—	—	4,500
Prepaid expenses	332	—	—	332
<b>Total Current Assets</b>	<b>63,664</b>	<b>—</b>	<b>—</b>	<b>63,664</b>
<b>Noncurrent Assets</b>				
Restricted assets				
Cash and cash equivalents	11,980	12,620	68,100	92,700
Investments	193,768	8,259	5,540	207,567
Mortgage investments	273,116	115,427	1,136,457	1,525,000
Accrued interest receivable	817	473	3,615	4,905
Accounts receivable - other	18	—	67	85
<b>Total restricted assets</b>	<b>479,699</b>	<b>136,779</b>	<b>1,213,779</b>	<b>1,830,257</b>
Investments	186,578	—	—	186,578
Mortgage investments, net of current portion and allowances for loan losses of \$40,197	121,623	—	—	121,623
Capital assets, less accumulated depreciation of \$3,998	2,129	—	—	2,129
<b>Total Noncurrent Assets</b>	<b>790,029</b>	<b>136,779</b>	<b>1,213,779</b>	<b>2,140,587</b>
<b>Total Assets</b>	<b>853,693</b>	<b>136,779</b>	<b>1,213,779</b>	<b>2,204,251</b>
<b>Deferred Outflows of Resources</b>				
Refunding of debt	—	7	829	836
Pension	3,268	—	—	3,268
Other Postemployment Benefits (OPEB)	542	—	—	542
<b>Total Deferred Outflows of Resources</b>	<b>3,810</b>	<b>7</b>	<b>829</b>	<b>4,646</b>

# MISSOURI HOUSING DEVELOPMENT COMMISSION

## COMBINING STATEMENT OF NET POSITION *(Continued)*

Page 2 of 2  
**June 30, 2020**  
(In Thousands)

Liabilities	Operating	Bond-Financed Programs		Total
		Multifamily	Single Family	
<b>Current Liabilities</b>				
Bonds and notes payable	\$ 61,521	\$ —	\$ —	\$ 61,521
Accrued interest payable	9	—	—	9
Accounts payable	2,371	—	—	2,371
Unearned revenue	1,355	—	—	1,355
<b>Total Current Liabilities</b>	<b>65,256</b>	<b>—</b>	<b>—</b>	<b>65,256</b>
<b>Current Liabilities - Payable from Restricted Assets</b>				
Bonds and notes payable	—	9,732	32,233	41,965
Accrued interest payable	—	1,289	4,905	6,194
Escrow deposits	121,875	—	—	121,875
Rent subsidies and other payables	320	—	—	320
Accounts payable	178	—	30	208
<b>Total Current Liabilities - Payable from Restricted Assets</b>	<b>122,373</b>	<b>11,021</b>	<b>37,168</b>	<b>170,562</b>
<b>Noncurrent Liabilities</b>				
Pension	17,324	—	—	17,324
Other Postemployment Benefits (OPEB)	5,451	—	—	5,451
Unearned revenue	7,465	—	—	7,465
Payable from restricted assets				
Bonds and notes payable	—	104,559	994,958	1,099,517
<b>Total Noncurrent Liabilities</b>	<b>30,240</b>	<b>104,559</b>	<b>994,958</b>	<b>1,129,757</b>
<b>Total Liabilities</b>	<b>217,869</b>	<b>115,580</b>	<b>1,032,126</b>	<b>1,365,575</b>
<b>Deferred Inflows of Resources</b>				
Refunding of debt	—	—	1,866	1,866
Pension	858	—	—	858
Other Postemployment Benefits (OPEB)	820	—	—	820
<b>Total Deferred Inflows of Resources</b>	<b>1,678</b>	<b>—</b>	<b>1,866</b>	<b>3,544</b>
<b>Net Position</b>				
Net investment in capital assets	2,129	—	—	2,129
Restricted	357,326	21,206	180,616	559,148
Unrestricted, including designated balances	278,501	—	—	278,501
<b>Total Net Position</b>	<b>\$ 637,956</b>	<b>\$ 21,206</b>	<b>\$ 180,616</b>	<b>\$ 839,778</b>

# MISSOURI HOUSING DEVELOPMENT COMMISSION

## COMBINING STATEMENT OF NET POSITION MULTIFAMILY BOND - FINANCED PROGRAMS

**June 30, 2020**  
**(In Thousands)**

	Multifamily (2000 Indenture)	Multifamily (2014 Indenture)	Other Multifamily (Conduit Debt)	Total
<b>Assets</b>				
<b>Noncurrent Assets</b>				
Restricted assets				
Cash and cash equivalents	\$ 8,604	\$ 4,016	\$ —	\$ 12,620
Investments	5,515	2,744	—	8,259
Mortgage investments	58,638	18,472	38,317	115,427
Accrued interest receivable	355	118	—	473
<b>Total Noncurrent Assets</b>	73,112	25,350	38,317	136,779
<b>Total Assets</b>	73,112	25,350	38,317	136,779
<b>Deferred Outflows of Resources</b>				
Refunding of debt	—	7	—	7
<b>Liabilities</b>				
<b>Current Liabilities - Payable from Restricted Assets</b>				
Bonds and notes payable	2,368	739	6,625	9,732
Accrued interest payable	1,228	61	—	1,289
<b>Total Current Liabilities - Payable from Restricted Assets</b>	3,596	800	6,625	11,021
<b>Noncurrent Liabilities</b>				
Bonds and notes payable	55,070	17,797	31,692	104,559
<b>Total Noncurrent Liabilities</b>	55,070	17,797	31,692	104,559
<b>Total Liabilities</b>	58,666	18,597	38,317	115,580
<b>Net Position</b>				
Restricted	14,446	6,760	—	21,206
<b>Total Net Position</b>	\$ 14,446	\$ 6,760	\$ —	\$ 21,206

# MISSOURI HOUSING DEVELOPMENT COMMISSION

## COMBINING STATEMENT OF NET POSITION SINGLE FAMILY BOND - FINANCED PROGRAMS

**June 30, 2020**  
**(In Thousands)**

	Homeownership (1995 Indenture)	Special Homeownership (2009 Indenture)	First Place Homeownership (2015 Indenture)	Total
<b>Assets</b>				
<b>Noncurrent Assets</b>				
Restricted assets				
Cash and cash equivalents	\$ 3,077	\$ 3,923	\$ 61,100	\$ 68,100
Investments	—	—	5,540	5,540
Mortgage investments	13,710	97,427	1,025,320	1,136,457
Accrued interest receivable	55	322	3,238	3,615
Accounts receivable - other	—	—	67	67
<b>Total Noncurrent Assets</b>	<b>16,842</b>	<b>101,672</b>	<b>1,095,265</b>	<b>1,213,779</b>
<b>Total Assets</b>	<b>16,842</b>	<b>101,672</b>	<b>1,095,265</b>	<b>1,213,779</b>
<b>Deferred Outflows of Resources</b>				
Refunding of debt	—	—	829	829
<b>Total Deferred Outflows of Resources</b>	<b>—</b>	<b>—</b>	<b>829</b>	<b>829</b>
<b>Liabilities</b>				
<b>Current Liabilities - Payable from Restricted Assets</b>				
Bonds and notes payable	52	4,447	27,734	32,233
Accrued interest payable	7	331	4,567	4,905
Accounts payable	30	—	—	30
<b>Total Current Liabilities - Payable from Restricted Assets</b>	<b>89</b>	<b>4,778</b>	<b>32,301</b>	<b>37,168</b>
<b>Noncurrent Liabilities</b>				
Payable from restricted assets				
Bonds and notes payable	1,544	75,432	917,982	994,958
<b>Total Noncurrent Liabilities</b>	<b>1,544</b>	<b>75,432</b>	<b>917,982</b>	<b>994,958</b>
<b>Total Liabilities</b>	<b>1,633</b>	<b>80,210</b>	<b>950,283</b>	<b>1,032,126</b>
<b>Deferred Inflows of Resources</b>				
Refunding of debt	—	1,301	565	1,866
<b>Total Deferred Inflows of Resources</b>	<b>—</b>	<b>1,301</b>	<b>565</b>	<b>1,866</b>
<b>Net Position</b>				
Restricted	15,209	20,161	145,246	180,616
<b>Total Net Position</b>	<b>\$ 15,209</b>	<b>\$ 20,161</b>	<b>\$ 145,246</b>	<b>\$ 180,616</b>

# MISSOURI HOUSING DEVELOPMENT COMMISSION

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**For the Year Ended June 30, 2020**

**(In Thousands)**

	Bond-Financed Programs			Total
	Operating	Multifamily	Single Family	
<b>Operating Revenues</b>				
Interest and investment income				
Income - mortgage investments	\$ 11,283	\$ 5,115	\$ 41,982	\$ 58,380
Income - investments	6,710	450	1,030	8,190
Net increase (decrease) in fair value of investments	2,030	842	25,557	28,429
<b>Total interest and investment income</b>	<b>20,023</b>	<b>6,407</b>	<b>68,569</b>	<b>94,999</b>
Income - MBS sales	929	—	—	929
Administration fees	6,130	—	—	6,130
Other income	5,864	114	2,628	8,606
Federal program income	164,695	—	—	164,695
<b>Total Operating Revenues</b>	<b>197,641</b>	<b>6,521</b>	<b>71,197</b>	<b>275,359</b>
<b>Operating Expenses</b>				
Interest expense on bonds	565	4,019	28,316	32,900
Bond debt expense and other fees	324	59	4,079	4,462
Compensation	10,933	—	—	10,933
General and administrative expenses	4,627	—	—	4,627
Rent and other subsidy payments	2,862	—	—	2,862
Missouri Housing Trust Fund grants	3,437	—	—	3,437
Federal program expenses	160,404	—	—	160,404
<b>Total Operating Expenses</b>	<b>183,152</b>	<b>4,078</b>	<b>32,395</b>	<b>219,625</b>
<b>Change in Net Position</b>	<b>14,489</b>	<b>2,443</b>	<b>38,802</b>	<b>55,734</b>
<b>Net Position - Beginning of Year</b>	<b>611,940</b>	<b>21,409</b>	<b>150,695</b>	<b>784,044</b>
<b>Interfund Transfers</b>	<b>11,527</b>	<b>(2,646)</b>	<b>(8,881)</b>	<b>—</b>
<b>Net Position - End of Year</b>	<b>\$ 637,956</b>	<b>\$ 21,206</b>	<b>\$ 180,616</b>	<b>\$ 839,778</b>

**MISSOURI HOUSING DEVELOPMENT COMMISSION**

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**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
MULTIFAMILY BOND - FINANCED PROGRAMS  
For the Year Ended June 30, 2020  
(In Thousands)**

	Multifamily (2000 Indenture)	Multifamily (2014 Indenture)	Other Multifamily (Conduit Debt)	Total
<b>Operating Revenues</b>				
Interest and investment income				
Income - mortgage investments	\$ 3,855	\$ 1,260	\$ —	\$ 5,115
Income - investments	289	161	—	450
Net increase (decrease) in fair value of investments	597	245	—	842
Total interest and investment income	4,741	1,666	—	6,407
Other income	114	—	—	114
<b>Total Operating Revenues</b>	4,855	1,666	—	6,521
<b>Operating Expenses</b>				
Interest expense on bonds	3,076	943	—	4,019
Bond debt expense and other fees	52	7	—	59
<b>Total Operating Expenses</b>	3,128	950	—	4,078
<b>Change in Net Position</b>	1,727	716	—	2,443
<b>Net Position - Beginning of Year</b>	14,966	6,443	—	21,409
<b>Interfund Transfers</b>	(2,247)	(399)	—	(2,646)
<b>Net Position - End of Year</b>	\$ 14,446	\$ 6,760	\$ —	\$ 21,206



**MISSOURI HOUSING DEVELOPMENT COMMISSION**

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**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
SINGLE FAMILY BOND - FINANCED PROGRAMS  
For the Year Ended June 30, 2020  
(In Thousands)**

	Homeownership (1995 Indenture)	Special Homeownership (2009 Indenture)	First Place Homeownership (2015 Indenture)	Total
<b>Operating Revenues</b>				
Interest and investment income				
Income - mortgage investments	\$ 765	\$ 6,932	\$ 34,285	\$ 41,982
Income - investments	33	97	900	1,030
Net increase (decrease) in fair value of investments	530	(3,216)	28,243	25,557
Total interest and investment income	1,328	3,813	63,428	68,569
Other income	66	587	1,975	2,628
<b>Total Operating Revenues</b>	1,394	4,400	65,403	71,197
<b>Operating Expenses</b>				
Interest expense on bonds	149	4,669	23,498	28,316
Bond debt expense and other fees	7	20	4,052	4,079
<b>Total Operating Expenses</b>	156	4,689	27,550	32,395
<b>Change in Net Position</b>	1,238	(289)	37,853	38,802
<b>Net Position - Beginning of Year</b>	15,125	29,770	105,800	150,695
<b>Interfund Transfers</b>	(1,154)	(9,320)	1,593	(8,881)
<b>Net Position - End of Year</b>	\$ 15,209	\$ 20,161	\$ 145,246	\$ 180,616