

# FINANCIALS

## Statements of Revenues, Expenses and Change in Net Position

For the Fiscal Years ended June 30, 2021 and 2020 (millions of dollars)

	<b>2021</b>	<b>2020</b>	<b>Favorable/Unfavorable</b>	
			<b>Amount</b>	<b>%</b>
Mortgage income	\$62.1	\$62.8	\$(0.7)	(1.1)
Mortgage-backed investment income (net)	20.5	82.5	(62.0)	(75.2)
Investment income (net)	7.0	12.6	(5.6)	(44.4)
Interest expense and debt financing costs	<u>(51.9)</u>	<u>(59.1)</u>	<u>7.2</u>	12.2
<b>Net Interest Income</b>	<b>37.7</b>	<b>98.7</b>	<b>(61.0)</b>	<b>(61.8)</b>
Mortgage service fees	7.4	8.4	(1.0)	(11.9)
Pass-through subsidy revenue	196.0	194.0	2.0	1.0
Grant Income	5.3	4.8	0.5	10.4
Other	<u>17.2</u>	<u>18.3</u>	<u>(1.1)</u>	(6.0)
<b>Net Interest and Other Income</b>	<b>263.6</b>	<b>324.3</b>	<b>(60.7)</b>	<b>(18.7)</b>
Direct loan program expense	16.8	15.0	(1.8)	(12.0)
Pass-through subsidy expense	196.0	194.0	(2.0)	(1.0)
Grants and services	1.1	2.5	1.4	56.0
General and administrative expenses	22.8	21.7	(1.1)	(5.1)
Other expense	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	0.0
<b>Change in Net Position</b>	<b>26.8</b>	<b>91.0</b>	<b>(64.2)</b>	<b>(70.6)</b>
<b>Net Position, Beginning of Year</b>	<b>935.3</b>	<b>844.3</b>	<b>91.0</b>	<b>10.8</b>
<b>Net Position, End of Year</b>	<b>962.1</b>	<b>935.3</b>	<b>26.8</b>	<b>2.9</b>

*Schedule may not foot due to rounding*

Net Interest Income dropped significantly during fiscal 2021, ending the year at \$37.7 million. Both the mortgage-backed securities and traditional mortgage portfolios contracted. The decline was driven by very high prepayment levels resulting from historically low interest rates. The decline in revenue was largely offset by reduced debt interest and issuance expenses. *Governmental Accounting Standard Board Statement No. 31* requires that the Authority periodically adjust the investments to reflect current market value. The cumulative adjustment for fiscal year 2021 was a write-down of \$12.8 million which when compared to the write-up of \$46.0 million in the prior fiscal year explains much of the change in net income. While the Authority doesn't intend to actually realize these gains, the adjustment can lead to significant swings in the recorded value of the portfolio.

Direct loan program expense increased by 12.0% or \$1.8 million during 2021. A significant increase in the loan loss provision was the primary contributing factor to the increase in expenses in this area during the year.

Pass-through subsidy revenue and expense represent subsidy proceeds and other financial assistance received by the Authority and transferred to or spent on behalf of secondary projects. Revenues and expenses of the pass-through subsidy programs are equal resulting in a net effect, on the Authority's financial statements, of zero.