# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

**Financial Statements**
**For the Years Ended**
**June 30, 2020 and 2019**
**and Independent Auditors' Report**

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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# INDEPENDENT AUDITORS' REPORT

To the Members
Wisconsin Housing and Economic Development Authority
Madison, Wisconsin

## Report on the Financial Statements

We have audited the accompanying financial statements of Wisconsin Housing and Economic Development Authority, a component unit of the state of Wisconsin, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the entity'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 respective financial position of Wisconsin Housing and Economic Development Authority as of June 30, 2020 and 2019, and the respective changes in financial position and, cash flows thereof 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 on pages 6 – 10, Schedule of Authority's Proportionate Share of the Net Pension Liability (Asset), Schedule of Authority Pension Contributions, Schedule of Authority's Proportionate Share of the Net OPEB Liability, and the Schedule of Authority OPEB Contributions 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wisconsin Housing and Economic Development Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, on our consideration of Wisconsin Housing and Economic Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wisconsin Housing and Economic Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wisconsin Housing and Economic Development Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin
October 28, 2020

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The Wisconsin Housing and Economic Development Authority (Authority), created in 1972 by an act of the Wisconsin Legislature, facilitates the purchase, construction and rehabilitation of housing for families of low and moderate-income by providing or participating in the origination of mortgage loans and housing tax credits, as well as providing economic development financing guarantees, loans and new markets tax credits. The Authority has two major loan programs; the Home Ownership Mortgage Loan Program (Single Family) and the Multifamily Mortgage Loan Program (Multifamily). Among the additional programs that the Authority administers are the Wisconsin Development Reserve Fund, the Home Improvement Loan Program, the Housing Tax Credit Programs, the New Markets Tax Credit Program, the Capital Magnet Fund Programs and the Participation Lending Program.

The various loan program activities are all considered proprietary and are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of bonds, both tax-exempt and taxable, the proceeds of which are used to make loans to finance low and moderate-income housing. The Net Position of these programs represents accumulated earnings since their inception and is generally restricted for program purposes.

This section of the Authority's annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2020 compared to the fiscal years that ended on June 30, 2019 and 2018. Please read it in conjunction with the Authority's financial statements, which follow this section.

**Financial Highlights – Fiscal Year 2020**

The Authority ended fiscal year 2020 with earnings that fell below expectations. Net Income before the adjustment for a change in the market value of investments was $45.0 million which was significantly lower than budgeted earnings of $61.2 million. Fiscal year 2020 loan originations were down $21.7 million or 3.7% compared to 2019 and prepayment levels increased by $122.6 million or 84.0%.

The following are financial highlights for fiscal year 2020:

- Consolidated net income after the adjustment for the market value of investments was $91.0 million. The aggregate market value adjustment for the year was a positive $46.0 million.
- Mortgage and Mortgage-Backed Securities (MBS) Investment earnings before the adjustment for a change in the market value of investments were up $4.9 million to $98.8 million during 2020. The combined mortgage loan and MBS investment portfolio increased by $128.0 million, or 5.7%.
- Bonds and Notes Payable outstanding at year end grew by $163.8 million over 2019. As a result, interest expense and debt financing costs increased by $7.5 million or 14.5%.
- The Authority's long-term Issuer's Credit Rating (ICR) and bond resolution ratings were stable in 2020. The Authority has an ICR from Moody's Investors Services (Moody's) of Aa3 and from Standard and Poor's (S&P) of AA. All individual bond resolutions have credit ratings equal to or better than the Authority's ICR.

**Financial Highlights – Fiscal Year 2019**

The Authority ended fiscal year 2019 with earnings that exceeded expectations. Net Income before the adjustment for a change in the market value of investments was $45.4 million which was slightly higher than budgeted earnings of $44.3 million. Fiscal year 2019 loan originations were flat compared to 2018 but prepayment levels declined by $13.3 million or 8.3%.

The following are financial highlights for fiscal year 2019:

- Consolidated net income after the adjustment for the market value of investments was $87.3 million. The aggregate market value adjustment for the year was a positive $41.9 million.
- Mortgage and Mortgage-Backed Securities (MBS) Investment earnings before the adjustment for a change in the market value of investments were up $11.8 million to $93.9 million during 2019. The combined mortgage loan and MBS investment portfolio increased by $295.3 million, or 15.3%.
- Bonds and Notes Payable outstanding at year end grew by $332.6 million over 2018. As a result, interest expense and debt financing costs increased $9.1 million or 21.4%.
- The Authority's long-term Issuer's Credit Rating (ICR) and bond resolution ratings were stable in 2019. The Authority has an ICR from Moody's Investors Services (Moody's) of Aa3 and from Standard and Poor's (S&P) of AA. All individual bond resolutions have credit ratings equal to or better than the Authority's ICR.

**Statements of Net Position - Comparative Fiscal Year 2020**

The following condensed statements of net position show a summary of changes, in dollars and percentages, between fiscal years ended June 30, 2020 and 2019. The Authority reported a change in net position of $91.0 million for the year ended June 30, 2020

**Wisconsin Housing and Economic Development Authority**
**Statements of Net Position**
**June 30, 2020 and 2019**
**(Millions of Dollars)**

| | **2020** | **2019** | **Increase / (Decrease) Amount** | **%** |
|---|---|---|---|---|
| Cash and cash equivalents | 657.6 | 503.9 | 153.7 | 30.5 |
| Mortgage loans and interest receivable | 1,207.6 | 1,183.8 | 23.8 | 2.0 |
| Mortgage-backed security investments and interest receivable | 1,152.4 | 1,048.9 | 103.5 | 9.9 |
| Investments and interest receivable | 142.0 | 142.0 | (0.0) | (0.0) |
| Net pension asset | 2.4 | 0.0 | 2.4 | - |
| Other assets | 4.0 | 3.7 | 0.3 | 8.1 |
| **Total Assets** | 3,166.1 | 2,882.3 | 283.8 | 9.8 |
| Accumulated decrease in fair value of hedging | 41.5 | 29.7 | 11.8 | 39.7 |
| Deferred outflow of resources - pension | 5.1 | 6.7 | (1.6) | (23.9) |
| Deferred outflow of resources - OPEB | 1.1 | 0.5 | 0.6 | 120.0 |
| **Total Deferred Outflow of Resources** | 47.7 | 36.9 | 10.8 | 29.3 |
| Accrued interest payable | 15.4 | 14.2 | 1.2 | 8.5 |
| Bonds and notes payable | 2,042.2 | 1,878.4 | 163.8 | 8.7 |
| Interest Rate Swap Agreements | 41.5 | 29.7 | 11.8 | 39.7 |
| Net pension liability | 0.0 | 2.6 | (2.6) | (100.0) |
| Net OPEB liability | 2.3 | 1.5 | 0.8 | 53.3 |
| Other liabilities | 169.5 | 144.6 | 24.9 | 17.2 |
| **Total Liabilities** | 2,270.9 | 2,071.0 | 199.9 | 9.7 |
| Deferred inflow of resources - pension | 7.2 | 3.6 | 3.6 | 100.0 |
| Deferred inflow of resources - OPEB | 0.4 | 0.3 | 0.1 | 0.0 |
| **Total Deferred Inflow of Resources** | 7.6 | 3.9 | 3.7 | 94.9 |
| Net investment in capital assets | 0.8 | 0.3 | 0.5 | 166.7 |
| Restricted by bond resolutions | 638.3 | 566.0 | 72.3 | 12.8 |
| Restricted by contractual agreements | 280.6 | 261.3 | 19.3 | 7.4 |
| Unrestricted | 15.6 | 16.7 | (1.1) | (6.6) |
| **Total Net Position** | 935.3 | 844.3 | 91.0 | 10.8 |

Schedule may not foot due to rounding

The Authority experienced asset growth of $283.8 million during fiscal year 2020. The mortgage backed security portfolio continues to be the area with the most sustained growth at 9.9% over fiscal year 2019. The Single Family program experienced a decrease of $114.7 million or 23.9% in originations while Multifamily saw originations grow by 84.0% or $93.0 million. Prepayments were up 84.0% in the combined portfolios.

The Mortgage loans and interest receivable portfolio continued to hold steady at $1.2 billion. Mortgage backed security investments of $1.1 billion, represented an increase of $104.2 million over the prior year. The combined portfolio balance of $2.4 billion represents an increase of $127.3 million or 5.7%.

Liabilities ended the year at $2.3 billion, up $200.0 million over fiscal 2019. The majority of the increase was again attributable to new bonds that were issued to finance both Single Family First Time Home Buyer (FTHB) mortgages and Multifamily loans. There were two Single Family bond issues in fiscal year 2020 totaling $225.0 million. In addition, $140.3 million in bonds were issued in the Multifamily program. Proceeds were used to fund new loans in both lines of business.

Overall, net position increased $91.0 million during fiscal year 2020. The various lending programs and investments within the Authority's business segments generated the change in net position. The business segment contributions for fiscal year 2020 are as follows: $61.2 million in Single Family bond resolutions, $12.3 million in Multifamily Bond and Housing Revenue bond resolutions, $17.1 million in the General Fund (including subsidiary change in net position) and $454,000 in State of Wisconsin Programs.

**Statements of Net Position - Comparative Fiscal Year 2019**

The following condensed statements of net position show a summary of changes, in dollars and percentages, between fiscal years ended June 30, 2019 and 2018. The Authority reported a change in net position of $87.3 million for the year ended June 30, 2019.

**Wisconsin Housing and Economic Development Authority**
**Statements of Net Position**
**June 30, 2019 and 2018**
**(Millions of Dollars)**

| | | | Increase / (Decrease) | |
|---|---|---|---|---|
| | **2019** | **2018** | **Amount** | **%** |
| Cash and cash equivalents | 503.9 | 481.5 | 22.4 | 4.7 |
| Mortgage loans and interest receivable | 1,183.8 | 1,181.0 | 2.8 | 0.2 |
| Mortgage-backed security investments and interest receivable | 1,048.9 | 755.5 | 293.4 | 38.8 |
| Investments and interest receivable | 142.0 | 28.2 | 113.8 | 403.5 |
| Net pension asset | 0.0 | 2.1 | (2.1) | (100.0) |
| Other assets | 3.7 | 6.9 | (3.2) | (46.4) |
| **Total Assets** | 2,882.3 | 2,455.2 | 427.1 | 17.4 |
| Accumulated decrease in fair value of hedging | 29.7 | 13.9 | 15.8 | 113.7 |
| Deferred outflow of resources - pension | 6.7 | 3.5 | 3.2 | 91.4 |
| Deferred outflow of resources - OPEB | 0.5 | 0.1 | 0.4 | 400.0 |
| **Total Deferred Outflow of Resources** | 36.9 | 17.5 | 19.4 | 110.9 |
| Accrued interest payable | 14.2 | 11.2 | 3.0 | 26.8 |
| Bonds and notes payable | 1,878.4 | 1,545.7 | 332.7 | 21.5 |
| Interest Rate Swap Agreements | 29.7 | 13.9 | 15.8 | 113.7 |
| Net pension liability | 2.6 | 0.0 | 2.6 | - |
| Net OPEB liability | 1.5 | 1.3 | 0.2 | 15.4 |
| Other liabilities | 144.6 | 139.4 | 5.2 | 3.7 |
| **Total Liabilities** | 2,071.0 | 1,711.5 | 359.5 | 21.0 |
| **Total Deferred Inflow of Resources** | 3.9 | 4.1 | (0.2) | (4.9) |
| Net investment in capital assets | 0.3 | 0.4 | (0.1) | (25.0) |
| Restricted by bond resolutions | 566.0 | 496.0 | 70.0 | 14.1 |
| Restricted by contractual agreements | 261.3 | 231.2 | 30.1 | 13.0 |
| Unrestricted | 16.7 | 29.4 | (12.7) | (43.2) |
| **Total Net Position** | 844.3 | 757.0 | 87.3 | 11.5 |

Schedule may not foot due to rounding

The Authority experienced asset growth of $427.1 million during fiscal year 2019. The mortgage backed security portfolio continues to be the area with the most growth at 38.8% over fiscal year 2018. The Single Family program experienced an increase of $53.2 million in originations while Multifamily saw originations fall by $50.6 million. Prepayments were down 8.3% in the combined portfolios.

The Mortgage loans and interest receivable portfolio held steady at $1.2 billion. Mortgage backed security investments rose $293.4 million, up 38.8% from the prior year. The combined portfolio balance of $2.2 billion represents an increase of $296.2 million or 15.3%.

Liabilities ended the year at $2.1 billion, up $359.5 million over fiscal 2018. The majority of the increase was again attributable to new bonds that were issued to finance both Single Family First Time Home Buyer (FTHB) mortgages and Multifamily loans. There were two Single Family bond issues in fiscal year 2019 totaling $290.0 million. In addition, $148.5 million in bonds were issued in the Multifamily program. Proceeds were used to fund new loans in both lines of business.

Overall, net position increased $87.3 million during fiscal year 2019. The various lending programs and investments within the Authority's business segments generated the change in net position. The business segment contributions for fiscal year 2019 are as follows: $57.2 million in Single Family bond resolutions, $12.3 million in Multifamily Bond and Housing Revenue bond resolutions, $17.7 million in the General Fund (including subsidiary change in net position) and $120,000 in State of Wisconsin Programs.

**Statements of Revenues, Expenses and Change in Net Position – Comparative Fiscal Year 2020**

The Authority reported a change in net position of $91.0 million for the fiscal year ended June 30, 2020. The following table summarizes the Statements of Revenues, Expenses and Change in Net Position of the Authority for the fiscal years ended June 30, 2020 and 2019.

**Wisconsin Housing and Economic Development Authority**
**Statements of Revenues, Expenses and Change in Net Position**
**For the Fiscal Years Ended June 30, 2020 and 2019**
**(Millions of Dollars)**

| | | | Favorable/ (Unfavorable) | |
|---|---|---|---|---|
| | **2020** | **2019** | **Amount** | **%** |
| Mortgage income | 62.8 | 64.3 | (1.5) | (2.3) |
| Mortgage-backed investment income (net) | 82.5 | 71.6 | 10.9 | 15.2 |
| Investment income (net) | 12.6 | 14.2 | (1.6) | (11.3) |
| Interest expense and debt financing costs | (59.1) | (51.6) | (7.5) | (14.5) |
| **Net Interest Income** | 98.7 | 98.5 | 0.3 | 0.3 |
| Mortgage service fees | 8.4 | 7.6 | 0.8 | 10.5 |
| Pass-through subsidy revenue | 194.0 | 186.3 | 7.7 | 4.1 |
| Grant Income | 4.8 | 3.3 | 1.5 | 45.5 |
| Other | 18.3 | 20.9 | (2.6) | (12.4) |
| **Net Interest And Other Income** | 324.3 | 316.6 | 7.7 | 2.4 |
| Direct loan program expense | 15.0 | 19.1 | 4.1 | 21.5 |
| Pass-through subsidy expense | 194.0 | 186.3 | (7.7) | (4.1) |
| Grants and services | 2.5 | 1.3 | (1.2) | (92.3) |
| General and administrative expenses | 21.7 | 22.1 | 0.4 | 1.8 |
| Other expense | 0.1 | 0.5 | 0.4 | 80.0 |
| **Change in Net Position** | 91.0 | 87.3 | 3.7 | 4.2 |
| **Net Position, Beginning of Year** | 844.3 | 757.0 | 87.3 | 11.5 |
| **Net Position, End of Year** | 935.3 | 844.3 | 91.0 | 10.8 |

Schedule may not foot due to rounding

Net Interest Income held steady during fiscal 2020 to finish the year at $98.7 million. While there was growth in the mortgage backed securities portfolio, the increased revenue was largely offset by increased 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 2020 was a write-up of $46.0 million. 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. Mortgage income from the Authority's traditional mortgages dropped by $1.5 million during 2020 due largely to lower than expected interest rates which lead to a significant increase the level of prepayments.

Direct loan program expense dropped by by 21.5% or $4.1 million during 2020. MBS origination fees paid to lenders decreased by $2.1 million which is a reflection of decreased volume in the MBS investment portfolio. A significant decrease in the loan loss provision was the other primary contributing factor to the reduction 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.

**Statements of Revenues, Expenses and Change in Net Position – Comparative Fiscal Year 2019**

The Authority reported a change in net position of $87.3 million for the fiscal year ended June 30, 2019. The following table summarizes the Statements of Revenues, Expenses and Change in Net Position of the Authority for the fiscal years ended June 30, 2019 and 2018.

**Wisconsin Housing and Economic Development Authority**
**Statements of Revenues, Expenses and Change in Net Position**
**For the Fiscal Years Ended June 30, 2019 and 2018**
**(Millions of Dollars)**

| | | | Favorable/ (Unfavorable) | |
|---|---|---|---|---|
| | 2019 | 2018 | Amount | % |
| Mortgage income | 64.3 | 63.0 | 1.3 | 2.1 |
| Mortgage-backed investment income (net) | 71.6 | (1.7) | 73.3 | 4,311.8 |
| Investment income (net) | 14.2 | 8.7 | 5.5 | 63.2 |
| Interest expense and debt financing costs | (51.6) | (42.5) | (9.1) | (21.4) |
| **Net Interest Income** | 98.5 | 27.5 | 71.0 | 258.2 |
| Mortgage service fees | 7.6 | 7.8 | (0.2) | (2.6) |
| Pass-through subsidy revenue | 186.3 | 183.8 | 2.5 | 1.4 |
| Grant Income | 3.3 | 0.9 | 2.4 | 266.7 |
| Other | 20.9 | 35.4 | (14.5) | (41.0) |
| **Net Interest And Other Income** | 316.6 | 255.4 | 61.2 | 24.0 |
| Direct loan program expense | 19.1 | 15.3 | (3.8) | (24.8) |
| Pass-through subsidy expense | 186.3 | 183.8 | (2.5) | (1.4) |
| Grants and services | 1.3 | 0.5 | (0.8) | (160.0) |
| General and administrative expenses | 22.1 | 21.2 | (0.9) | (4.2) |
| Other expense | 0.5 | 0.7 | 0.2 | 28.6 |
| **Change in Net Position** | 87.3 | 33.9 | 53.4 | 157.5 |
| **Net Position, Beginning of Year** | 757.0 | 723.1 | 33.9 | 4.7 |
| **Net Position, End of Year** | 844.3 | 757.0 | 87.3 | 11.5 |

Schedule may not foot due to rounding

Net Interest Income grew by $71.0 million during fiscal 2019 to finish the year at $98.5 million. The increase was primarily in the MBS investment portfolio. While the volume of MBS investments in the portfolio grew by almost 38.8% during the year, *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 2019 was a write-up of $42.0 million. 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. Mortgage income from the Authority's traditional mortgages was up $1.3 million during 2019 because the Multifamily segment has had several years of strong lending that have generated additional income.

Direct loan program expense increased by 24.8% or $3.8 million during 2019. MBS origination fees paid to lenders rose by $1.7 million which is a reflection of increased volume in the MBS investment portfolio. Increases in liquidity fees and the loan loss provision also contributed to the growth 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.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Statements of Net Position
### June 30, 2020 and 2019
(Thousands of Dollars)

| | 2020 | 2019 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash and cash equivalents (Notes 1 & 4) | 657,607 | 503,907 |
| Investments (Notes 1 & 4) | 40,170 | 110,123 |
| Investment interest receivable | 617 | 1,439 |
| Mortgage-backed securities investment interest receivable | 2,961 | 2,832 |
| Mortgage loans receivable, net (Notes 1 & 5) | 65,424 | 62,272 |
| Mortgage interest receivable | 5,547 | 5,535 |
| Accounts receivable | 2,353 | 1,985 |
| Prepaid expense | 49 | 88 |
| Total Current Assets | 774,728 | 688,181 |
| Noncurrent Assets: | | |
| Investments (Notes 1 & 4) | 101,246 | 30,444 |
| Mortgage-backed securities (Notes 1 & 4) | 1,149,487 | 1,046,089 |
| Mortgage loans receivable, net (Notes 1 & 5) | 1,136,651 | 1,115,946 |
| Net pension asset (Note 9) | 2,395 | - |
| Other assets (Note 1) | 1,567 | 1,631 |
| Total Noncurrent Assets | 2,391,346 | 2,194,110 |
| Total Assets | 3,166,074 | 2,882,291 |
| **Deferred Outflow of Resources** | | |
| Accumulated change in fair value of hedging derivatives (Notes 1 & 7) | 41,462 | 29,676 |
| Deferred outflow of resources - pension (Note 9) | 5,141 | 6,680 |
| Deferred outflow of resources - other post employment benefits (Note 9) | 1,119 | 556 |
| Total Deferred Outflow of Resources | 47,722 | 36,912 |
| **Liabilities** | | |
| Current Liabilities: | | |
| Bonds and notes payable (Notes 1 & 6) | 97,949 | 89,189 |
| Accrued interest payable | 15,397 | 14,229 |
| Total Current Liabilities | 113,346 | 103,418 |
| Noncurrent Liabilities: | | |
| Bonds and notes payable (Notes 1 & 6) | 1,944,247 | 1,789,184 |
| Escrow deposits (Notes 1 & 4) | 107,361 | 102,180 |
| Derivative instrument - interest rate swaps (Notes 1 & 7) | 41,462 | 29,676 |
| Net pension liability (Note 9) | - | 2,600 |
| Net other post employment benefits liability (Note 9) | 2,351 | 1,547 |
| Other liabilities | 62,151 | 42,409 |
| Total Noncurrent Liabilities | 2,157,572 | 1,967,596 |
| Total Liabilities | 2,270,918 | 2,071,014 |
| **Deferred Inflow of Resources** | | |
| Deferred inflow of resources - pension (Note 9) | 7,176 | 3,582 |
| Deferred inflow of resources - other post employment benefits (Note 9) | 361 | 357 |
| Total Deferred Inflow of Resources | 7,537 | 3,939 |
| **Net Position** | | |
| Net investment in capital assets | 797 | 337 |
| Restricted by bond resolutions (Note 8) | 638,342 | 565,952 |
| Restricted by contractual agreements (Note 8) | 280,567 | 261,239 |
| Unrestricted (Note 8) | 15,635 | 16,722 |
| Total Net Position | 935,341 | 844,250 |

The accompanying notes are an integral part of the financial statements.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Statements of Revenues, Expenses And Change in Net Position For the Years Ended June 30, 2020 and 2019

**(Thousands of Dollars)**

| | 2020 | 2019 |
|---|---|---|
| Mortgage income (Note 1) | 62,822 | 64,322 |
| Investment interest (Note 1) | 13,094 | 14,209 |
| Net decrease in fair value of investments | (504) | (134) |
| Mortgage-backed securities investment income | 35,932 | 29,546 |
| Net increase in fair value of mortgage-backed securities | 46,501 | 42,003 |
| Interest expense (Note 1) | (55,941) | (48,539) |
| Debt financing costs | (3,128) | (3,133) |
| Net Investment Income | 98,776 | 98,274 |
| Mortgage service fees | 8,462 | 7,525 |
| Pass-through subsidy revenue (Note 1) | 193,985 | 186,321 |
| Grant Income | 4,822 | 3,317 |
| Other income (Note 1) | 18,273 | 20,816 |
| Net Investment and Other Income | 324,318 | 316,253 |
| Direct loan program expense | 15,018 | 19,108 |
| Pass-through subsidy expense (Note 1) | 193,985 | 186,321 |
| Grants and services | 2,520 | 1,377 |
| General and administrative expenses | 21,637 | 22,118 |
| Other expense (Note 1) | 67 | 54 |
| Total Expenses | 233,227 | 228,978 |
| Change in Net Position | 91,091 | 87,275 |
| Net Position, Beginning of Year | 844,250 | 756,975 |
| Net Position, End of Year | 935,341 | 844,250 |

The accompanying notes are an integral part of the financial statements.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Statements of Cash Flows
### For the Years Ended June 30, 2020 and 2019

**(Thousands of Dollars)**

| | 2020 | 2019 |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Cash received from interest on mortgage loans | 62,811 | 64,306 |
| Cash received from mortgage payments | 187,678 | 160,813 |
| Cash received from other fees and other income | 31,754 | 34,897 |
| Cash payments to purchase mortgage loans | (211,536) | (163,597) |
| Cash received from escrow and other agency deposits, net | 29,220 | 10,380 |
| Cash payments to employees | (17,291) | (16,715) |
| Cash payments to vendors | (25,539) | (29,558) |
| Net Cash Provided by Operating Activities | 57,097 | 60,526 |
| Cash Flows from Non-Capital Financing Activities: | | |
| Proceeds from issuance of bonds and notes | 437,283 | 485,445 |
| Repayments on bonds and notes | (268,679) | (147,836) |
| Interest paid on bonds, notes and escrows | (59,550) | (50,488) |
| Bond issuance costs | (3,128) | (3,133) |
| Net Cash Provided by Non-Capital Financing Activities | 105,926 | 283,988 |
| Cash Flows from Investing Activities: | | |
| Purchases of investments | (531,904) | (733,122) |
| Proceeds from sales and maturities of investments | 473,697 | 369,655 |
| Investment interest received | 49,660 | 41,880 |
| Net Cash Used in Investing Activities | (8,547) | (321,587) |
| Cash Flows from Capital Financing Activities: | | |
| Purchase of capital assets | (776) | (470) |
| Sale of capital assets | - | - |
| Net Cash Used in Capital Financing Activities | (776) | (470) |
| Net Increase in Cash and Cash Equivalents | 153,700 | 22,457 |
| Cash and Cash Equivalents, Beginning of Year | 503,907 | 481,450 |
| Cash and Cash Equivalents, End of Year | 657,607 | 503,907 |

The accompanying notes are an integral part of the financial statements.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Statements of Cash Flows
### For the Years Ended June 30, 2020 and 2019

**(Thousands of Dollars)**

| | 2020 | 2019 |
|---|---|---|
| Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities: | | |
| Change in Net Position | 91,091 | 87,275 |
| Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities: | | |
| Net increase in fair value of investments and mortgage-backed securities | (45,997) | (41,869) |
| Provision for loan loss (Note 5) | 1,743 | 3,276 |
| Interest expense | 55,941 | 48,539 |
| Income on investments and mortgage backed securities | (49,025) | (43,756) |
| Depreciation and amortization | (1,870) | (1,655) |
| Increase in mortgage loans receivable and real estate held, net | (25,600) | (6,058) |
| Increase in escrows | 5,200 | 7,358 |
| Other | 25,614 | 7,416 |
| Net Cash Provided by Operating Activities | 57,097 | 60,526 |

# 1. Summary of Significant Accounting Policies

Accounting Principles: The financial statements of the Wisconsin Housing and Economic Development Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Accordingly, the Authority reports all activities within a single proprietary enterprise fund using the accrual basis of accounting and the economic resources measurement focus.

Blended Component Unit: The reporting entity for the Authority consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of, the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Discretely presented component units would be reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Authority. This report does not contain any discretely presented component units. Badger Capital Services, LLC (Badger Capital) is a Wisconsin limited liability company that is a wholly owned subsidiary of the Authority and is reported as a blended component unit. The primary purpose of Badger Capital is to provide mortgage servicing. Greater Wisconsin Opportunities Fund (GWOF) and Lift Wisconsin are Wisconsin non stock corporations that are wholly owned subsidiaries of the Authority and are reported as blended component units. GWOF and Lift Wisconsin are registered with the United States Department of the Treasury's Community Development Financial Institutions (CDFI) Fund as Community Development Entities (CDE), created primarily for the purpose of participation in the New Markets Tax Credit (NMTC) program.

All material intercompany transactions and balances have been eliminated.

Authority Programs: The Authority accounts for each bond resolution as a separate accounting entity, each with its own assets, liabilities, net position, income and expense. The entities are then grouped according to type as they relate to Single Family (Home Ownership Revenue Bond and Home Ownership Mortgage Revenue Bonds), Housing Revenue Bonds, Multifamily Housing Bonds, State of Wisconsin and General Fund programs for presentation in the financial statements (Note 3).

Cash and Cash Equivalents: Cash and cash equivalents include short-term, highly liquid investments which are readily convertible to cash and typically have original maturities to the Authority of three months or less when acquired (Note 4).

Investments: Investments are carried at fair value based on quoted market prices. The collateralized and uncollateralized investment agreements are not transferable and are considered nonparticipating contracts. As such, both types of investment agreements are carried at contract value. The net increase (decrease) in the fair value of investments includes both realized and unrealized gains and losses (Note 4).

Mortgage Backed Securities (MBS): The Authority participates in the Fannie Mae and Ginnie Mae MBS program. Through the MBS program, Fannie Mae and Ginnie Mae guarantee securities that are backed by pools of mortgage loans originated by the Authority (Note 4). The Authority purchases the securities and receives service fees for the pass-through of principal and interest payments on the pool of mortgage loans, less amounts required to cover guaranty fees.

Mortgage Loans Receivable and Mortgage Income: Mortgage loans held by the Authority are carried at their unpaid principal balance, net of the allowance for loan losses and real estate held. Loan origination fees and associated direct costs are recognized as income or expense at the time of the loan closing.

The allowance for loan losses associated with mortgage loan receivable is increased by charges to expense and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Authority's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Mortgage income includes interest earned on the mortgages and the recognized loan origination fees. Mortgage interest income is calculated monthly using the 30/360 day interest calculation (Note 5).

# 1. Summary of Significant Accounting Policies (concluded)

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, businesses and communities. Specific to the Authority, COVID-19 may impact various parts of future operations and financial results. Management believes the Authority is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Other Assets: At June 30, 2020, other capital assets total $13.3 million, at cost, less accumulated depreciation of $12.5 million. At June 30, 2019, other assets total $12.5 million, at cost, less accumulated depreciation of $12.2 million. Depreciation expense totaled $315,000 and $334,000 for the years ended June 30, 2020 and 2019, respectively. The assets are being depreciated on a straight-line basis, with half year convention, over the estimated useful life of the assets (between two and ten years for the other capital assets). The Authority capitalizes assets with an original cost of $5,000 or more and an estimated useful life of greater than 1 year.

Bonds and Notes Payable: Bonds and notes payable include the general and special obligation bonds and notes collateralized by the revenues and assets of the Authority, subject to the provisions of the applicable resolutions and agreements (Note 6).

Debt Premiums and Discounts: Debt premiums and discounts are amortized ratably over the estimated life of the obligations to which they relate. Amortization of $0 of bond discount and $4.8 million of bond premium for the year ended June 30, 2020; and $0 of bond discount and $5.0 million of bond premium for the year ended June 30, 2019 are included in interest expense in the Statements of Revenues, Expenses and Change in Net Position.

Escrow Deposits: Escrow deposits include the amounts held for single family and multifamily mortgagees for the costs of taxes and insurance. Also included in escrow deposits are residual receipts, replacement reserves, capital needs assessments and other funds held on behalf of multifamily projects of the Authority (Note 4).

Investment Interest Income and Interest Expense: Investment income earned on escrow deposits is allocated to mortgagors based upon investment results. Interest expense includes $1.3 million and $1.5 million of investment income allocated to mortgage escrow deposits for the years ended June 30, 2020 and 2019, respectively (Note 4).

Other Income: Some of the items in other income include:

| | 2020 | 2019 |
|---|---|---|
| HUD Contract Administration | $6.2 million | $6.1 million |
| Federal Tax Credit Program | $3.3 million | $3.9 million |
| New Market Tax Credit (NMTC) | $776,000 | $2.7 million |
| State Small Business Credit Initiative (SSBCI) Repay Principle | $403,000 | $653,000 |
| Prepayment Penalty Multifamily Deals | $203,000 | $32,000 |

Grant Income: The authority was chosen to administer Capital Magnet Funds in the amount of $10.7 million of which $3.3 million and $3.3 million was utilized in the years ended June 30, 2020 and 2019, respectively. The authority was also chosen to administer Housing Trust Funds in the amount of $14.3 million of which $1.5 million was utilized in the year ended June 30, 2020; No funds were used before fiscal 2020.

Pass-through Subsidy Revenue and Expense: In accordance with GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance", pass-through grants are reported in the financial statements as both revenue and expense (Note 3).

Pensions*:* For purposes of measuring the Net Pension (Assets), Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions, and Pension Expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (Note 9).

Other Post-Employment Benefits (OPEB): The fiduciary net position of the State Retiree Life Insurance Fund (SRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the Net OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, OPEB expense, and information about the fiduciary net position of the SRLIF. Additions to/deductions from SRLIFs fiduciary net position have been determined on the same basis as they are reported by SRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (Note 9).

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

## 2. Authorizing Legislation and Funds

The Authority was created in 1972 by an act of the Wisconsin Legislature to facilitate the purchase, construction and rehabilitation of housing for families of low and moderate-income by providing or participating in the providing of construction and mortgage loans. The Authority is authorized to issue bonds secured by a capital reserve fund up to an aggregate amount of $800.0 million, excluding those being used to refund outstanding obligations and those issued under the programs described below. Outstanding general obligation Housing Revenue Bonds total $633.3 million and $552.5 million at June 30, 2020 and 2019, respectively. The Authority has no taxing power. Bonds issued by the Authority do not constitute a debt of the State of Wisconsin or any political subdivision thereof. The Authority is a component unit of the State of Wisconsin for financial reporting purposes.

The Authority's mission has been expanded since 1972 through legislation authorizing the following:

A Home Ownership Mortgage Loan Program, funded by revenue bonds of $9.0 billion through June 30, 2020 and $8.7 billion through June 30, 2019, of which approximately $1.2 billion and $1.1 billion were outstanding at June 30, 2020 and 2019, respectively.

A Community Housing Alternatives Program (CHAP), funded by bonds of up to $99.4 million, to finance loans for residential facilities for the elderly or chronically disabled. There were no Housing Revenue Bonds outstanding under this program at June 30, 2020 and 2019.

A Housing Rehabilitation Program and Home Improvement Loan Program, funded by revenue bonds outstanding at any time of up to $100.0 million, to finance below-market-rate loans for home rehabilitation and down payment assistance. There were no Revenue bonds outstanding under this program at June 30, 2020 and 2019.

A Wisconsin Development Reserve Fund Program, which represents State of Wisconsin funds appropriated to subsidize interest and provide guarantees of principal balances for qualifying loans. By Wisconsin Statute 234.93, the Authority is authorized to make loan guarantees of up to $49.5 million with a minimum required reserve ratio of 4.5:1 (guarantee to reserve). At June 30, 2020 and 2019, outstanding loan guarantees totaled $6.7 million and $7.3 million, respectively. The balance of the reserve fund, restricted for purposes of the program, was $7.7 million and $7.6 million at June 30, 2020 and 2019, respectively.

Section 234.65 of the Statutes of the State of Wisconsin (statutes) allows the Authority to fund Economic Development activity with revenue bonds of up to $150.0 million through June 30, 2022. As of June 30, 2020 and 2019, $42.5 million of revenue bonds were issued for economic development projects in Wisconsin which do not constitute indebtedness of the Authority within the meaning of any provision or limitation of the State Constitution or statutes. They are payable solely out of the revenues derived pursuant to the loan agreement or, in the event of default of the loan agreement, out of any revenues derived from the sale, releasing or other disposition of the mortgaged property. They do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit and therefore, these bonds are not reflected in the financial statements of the Authority.

A Multifamily Housing Bond (MHB) Program, funded by the Authority's Multifamily bonds of $113.4 million and $128.5 million as of June 30, 2020 and 2019, respectively. In addition, under the MHB program, other revenue bonds were issued which do not constitute indebtedness of the Authority within the meaning of any provision or limitation of the State Constitution or statutes. They do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. They are payable solely out of the revenues derived pursuant to the loan agreement or, in the event of default of the loan agreement, out of any revenues derived from the sale, releasing or other disposition of the mortgaged property. Based on the above, the bonds are not reflected in the financial statements of the Authority. As of June 30, 2020 and 2019, the Authority had issued an aggregate principal amount of $62.1 million of these non-general obligation credit bonds.

In May, 2018, Act 176 was signed into law establishing a Wisconsin housing tax credit program. The new state program provides a tax incentive for private investment in the development or rehabilitation of affordable rental housing. On April 4, 2019 the Authority announced an award of $7.4 million in State Housing Tax Credits to fund housing developments across Wisconsin. An award of $7.9 million was announced on April 28, 2020.

The Authority has, by resolution, established other programs to promote the fulfillment of its objectives and has financed these efforts through appropriations of its General Fund.

# 3. Description of Programs

### Single Family Bond Programs:

Home Ownership Revenue Bond (HORB) Resolutions include bonds secured by single family mortgage loans and MBS investments. The funds are used to purchase mortgage loans on single family residential housing units for persons and families of low and moderate-income in Wisconsin. The bond issues are grouped by bond resolution and each may have different covenants and requirements (Note 6).

The Home Ownership Mortgage Revenue Bond (HOMRB) 2009 Resolution is secured by mortgage-backed securities (Note 6). The bond proceeds are used to purchase mortgage-backed securities that represent claims to cash flows from pools of single family mortgage loans that are underwritten by the Authority. Mortgage-backed securities in this program total $82.8 million and $121.9 million as of June 30, 2020 and 2019, respectively. Single Family Bonds include HORB and HOMRB Resolutions. HORB Resolutions dated 1987 and 1988, and the HOMRB Resolution dated 2009 are reported separately.

### Housing Revenue Bond Programs:

Housing Revenue Bonds (HRB) include the 1974 Housing Revenue Bond Resolutions (Note 6). These funds are used to finance the construction, rehabilitation and permanent financing for multifamily rental housing developments generally designed for persons and families of low and moderate-income, the elderly, disabled or special needs persons.

### Multifamily Bond Programs:

Multifamily Housing Bonds (MHB) include the 2006 and 2010 Multifamily Housing Bond Resolution (Note 6). The funds are used to finance multifamily mortgage loans for certain eligible projects.

Multifamily Bonds include HRB and MHB Resolutions.

### State of Wisconsin Programs:

State of Wisconsin programs include the Home Improvement Loan Program and the Wisconsin Development Reserve Fund administered by the Authority. The Home Improvement Loan Program (HILP) provides loans for eligible borrowers to make improvements to owner-occupied properties. $105,000 and $102,000 of these home improvement loans were made through the program for the fiscal years ending June 30, 2020 and 2019, respectively. In addition, funds may be used to fund Easy Close Advantage loans for down payment assistance to Single Family borrowers. $5.3 million and $7.3 million of these down payment assistance loans were outstanding as of June 30, 2020 and 2019, respectively. Outstanding HILP loans total $668,000 and $627,000 as of June 30, 2020 and 2019, respectively.

The Wisconsin Development Reserve Fund administered for the State of Wisconsin includes the Credit Relief Outreach Program (CROP), the Agribusiness Program, the WHEDA Small Business Guarantee Program (SBG), the Farm Assets Reinvestment Management Program (FARM), Disaster Assistance and Contractor Assistance, all of which provide loan guarantees and interest rate subsidies on loans. Outstanding guarantees as of June 30, 2020 and 2019 are $1.7 million and $2.5 million for CROP, $0 and $0 for Agribusiness, $3.8 million and $3.6 million for SBG, $768,000 and $726,000 for FARM, and $500,000 and $500,000 for Contractor Assistance, respectively. There were no guarantees outstanding for the Disaster program as of June 30, 2020 and 2019.

### General Fund Programs:

The General Fund includes the Neighborhood Business Revitalization Guarantee program which was approved in April 2003. This guarantee program will provide up to $12.0 million in loan guarantees for revitalization in targeted urban commercial communities with populations greater than 35,000. As of June 30, 2020, $251,000 of loan guarantees had been approved and were outstanding. As of June 30, 2019, $302,000 of loan guarantees had been approved and were outstanding.

Property Tax Deferral Loans are made to elderly individuals to pay property taxes. As of June 30, 2020 and 2019, the Property Tax Deferral Loans had an outstanding balance of $651,000 and $795,000, respectively.

In December 2004, the Authority created a loan program called Construction Plus. This program provides financing for up to 90% of the development costs of rental housing properties for families, elderly, disabled or special needs persons. As of June 30, 2020 and 2019, the outstanding balance of Construction Plus loans was $26.2 million and $23.6 million, respectively.

Easy Close Advantage is a statewide program offering loans in the amount of $3,000-$3,500 or 3.0%-3.5% of the purchase price, whichever is greater, that can be used for down payment or closing costs and homebuyer education expenses. As of June 30, 2020 and 2019, the Easy Close loans and Easy Close Advantage programs had a combined outstanding balance of $6.9 million.

The Authority administers the IRS Federal Housing Tax Credit Program for Wisconsin. This program is part of the Tax Reform Act of 1986. The program was created to encourage production of affordable multifamily rental housing for low-to-moderate income persons. The Federal Housing Tax Credit is a dollar-for-dollar reduction of federal income taxes owed by owners/investors in qualified projects for tenants whose incomes are at or below 60% of County Median Income (CMI). The Authority awarded $23.9 million and $24.8 million in Federal tax credits in the years ended June 30, 2020 and 2019, respectively.

# 3. Description of Programs (concluded)

The Authority administers Section 8 subsidized housing programs under the U.S. Department of Housing and Urban Development. Funds administered for the Section 8 New Construction and Substantial Rehabilitation and Moderate Rehabilitation programs totaled $4.5 million and $6.8 million for the years ended June 30, 2020 and 2019, respectively. The Housing Choice Voucher program funds administered were $11.5 million and $10.7 million for the years ended June 30, 2020 and 2019, respectively.

The Section 8 Housing Assistance Payments program passed through $170.7 million and $163.2 million of funds from the U.S. Department of Housing and Urban Development (HUD) to recipients for the years ended June 30, 2020 and 2019, respectively.

State Small Business Credit Initiative (SSBCI) was established with the passage of the federal Small Business Jobs Act of September 2011 and was created to make capital more accessible to entrepreneurs and small businesses. SSBCI bolstered state programs that support small business lending. On September 22, 2011, the U.S. Treasury Department approved Wisconsin's application to participate in SSBCI. Wisconsin was approved to receive up to $22.4 million for small business lending programs to help create private sector jobs. The Wisconsin Department of Administration was allocated the funds for the State of Wisconsin and the Authority administered those funds on behalf of the State. Based on 10:1 match expectations, these funds were expected to support at least $224.0 million in new lending. The Authority received $14.8 million in SSBCI funds before the program ended on December 31, 2016. The money was used to administer the Wisconsin Equity Fund (a venture capital fund) through which $14.3 million was disbursed while the program was active. The Authority's portion of this lending was $9.2 million.

The Authority is a member of The Wisconsin Community Development Legacy Fund (WCDLF). WCDLF, a non-stock corporation, is a partnership between the Authority and Legacy Bancorp, Inc. WCDLF was created to make qualified low-income community investments throughout the State of Wisconsin in qualified active low-income community businesses for the New Markets Tax Credit (NMTC) program. Between April 2004 and April 2011, WCDLF was awarded $415.0 million in NMTC allocations. All of these awards had been allocated as of June 30, 2017. The Authority will not seek future awards through WCDLF. On June 16, 2011, a second non-stock corporation, the Greater Wisconsin Opportunities Fund, Inc. (GWOF) was created to make additional low-income community investments through the State of Wisconsin in qualified active low-income community businesses for the NMTC program. The Authority is the sole member of GWOF. GWOF has been awarded $160.0 million NMTC allocation since April, 2013. As of June 30, 2019, all of these awards had been allocated. The Authority will not seek future awards through GWOF. On May 10, 2018, a third non-stock corporation, Lift Wisconsin, Inc. (Lift) was created to make additional low-income community investments through the State of Wisconsin in qualified active low-income community businesses for the NMTC program. As of June 30, 2020, Lift had not received any allocations of tax credits.

The Authority has established a Preservation Revolving Loan Fund (PRLF) with funding provided by the United States Department of Agriculture (USDA) Rural Development, for the preservation and revitalization of low-income multifamily rental housing throughout rural Wisconsin. The loan fund, which serves populations of 20,000 or less, allows the Authority to allocate loans to rural multifamily developments that integrate low-income rental housing for families and individuals, including elderly persons and persons with disabilities. Loans outstanding in this fund as of June 30, 2020 and 2019 total $4.1 million and $3.0 million, respectively.

As of June 30, 2020 and 2019, $33.8 million and $31.8 million was encumbered, respectively, for economic development loans in partnership with financing from commercial and community lenders. Loans are restricted to businesses with less than $35.0 million in gross sales. As of June 30, 2020 and 2019, there is an outstanding loan balance of $23.4 million and $21.3 million in this program, respectively.

Since 2013, the Authority has operated the WHEDA Tax Advantage, a Mortgage Credit Certificate Program (MCC). Under this unique program, qualifying home buyers can claim a tax credit of up to $2,000 per year against their federal income tax liability. Eligibility for the credit continues as long as home buyers remain in their home and pay down their original amount of debt. As of June 30, 2020 and June 30, 2019 respectively, $206.9 million and $203.4 million of loans had been issued through this program with accompanying MCC's of $1.8 million and $2.2 million, respectively.

In September of 2016, the Authority won a $5.5 million Capital Magnet Fund Award. The Authority won additional awards of $5.2 million in March of 2018, $3.8 million in February of 2019 and $3.4 million in April of 2020. The Capital Magnet Fund helps low-income families and economically distressed communities by attracting investment for affordable housing and related economic development. The Authority is using the funds to provide down payment and closing cost assistance for Single Family homebuyers and subordinate financing for qualified Multifamily projects. As of June 30, 2020 and June 30, 2019, there is an outstanding loan balance of $8.0 million and $4.7 million, respectively in this program.

# 4. Cash, Cash Equivalents and Investments

Cash, Cash Equivalents and Investments of the Authority are comprised of five distinct investment portfolios: 1) the General Fund investment portfolio, 2) the Home Improvement Loan Program investment portfolio, 3) the Wisconsin Development Reserve Fund investment portfolio, 4) the Escrow Fund investment portfolio, and 5) the Bond Program investment portfolio.

Each investment portfolio has its own investment policy, which identifies the permitted investments and asset allocation guidelines. These policies are summarized under the applicable sections below. Depending on the investment portfolio, permitted investments may include (and are subject to minimum credit rating thresholds where applicable): U.S. government securities; U.S. agency securities; municipal bonds and notes; corporate bonds and notes; money market mutual funds; commercial paper; certificates of deposit; repurchase agreements; investment contracts; the State Investment Fund and equity securities within SSBCI.

Cash and Cash Equivalents: The carrying amounts of cash and cash equivalents and investments of the five investment portfolios, which approximate fair value, at June 30, 2020 and 2019 were as follows (in thousands of dollars):

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Fair Value | Amortized Cost | Fair Value | Amortized Cost |
| Cash | 65,770 | 65,770 | 43,579 | 43,579 |
| Money Market Mutual Funds | 591,837 | 591,837 | 460,328 | 460,328 |
| Total Cash and Cash Equivalents | 657,607 | 657,607 | 503,907 | 503,907 |
| Certificates of Deposit | 6,400 | 6,400 | 11,200 | 11,200 |
| U.S. Agency Securities | 5,098 | 5,076 | 11,155 | 11,122 |
| Mortgage-backed Securities | 1,149,486 | 1,081,909 | 1,046,089 | 1,024,502 |
| Collateralized Investment Contracts | 1,065 | 1,065 | 1,674 | 1,674 |
| Non-Collateralized Investment Contracts | 127,168 | 127,168 | 113,977 | 113,977 |
| Equity Securities | 1,686 | 1,686 | 2,561 | 2,561 |
| Total Investments | 1,290,903 | 1,223,304 | 1,186,656 | 1,165,036 |
| Total Cash and Cash Equivalents and Investments | 1,948,510 | 1,880,911 | 1,690,563 | 1,668,943 |

At June 30, 2020 and 2019, the Authority had cash bank balances totaling $66.0 million and $43.5 million, respectively, of which $250,000 was covered by depository insurance in both years, and the remaining balance was uninsured and uncollateralized. Cash deposits are not included in the investment portfolio summaries that follow. Money market mutual funds are included in the investment totals of the investment portfolio summaries that follow.

According to GASB Statement No. 72, Fair Value Measurement Application, the Authority categorizes its fair value measurements 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 are valued using quoted prices in active markets for identical assets; Level 2 are valued using significant other observable inputs; Level 3 are valued using significant unobservable inputs. The fair value measurements at June 30, 2020 and 2019 were as follows (in thousands of dollars):

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| Investments by Fair Value Level | 2020 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt Securities: | | | | |
| U.S. Agency Securities | 5,098 | -- | 5,098 | -- |
| Collateralized Debt Obligations | 1,065 | -- | 1,065 | -- |
| Non-Collateralized Debt Obligations | 127,168 | -- | 127,168 | -- |
| Mortgage-backed Securities | 1,149,486 | 86,322 | 1,063,164 | -- |
| Total Debt Securities | 1,282,817 | 86,322 | 1,196,495 | -- |
| Equity Securities | 1,686 | -- | -- | 1,686 |
| Total Investments by Fair Value Level | 1,284,503 | 86,322 | 1,196,495 | 1,686 |

# 4. Cash, Cash Equivalents and Investments (continued)

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| Investments by Fair Value Level | 2019 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt Securities: | | | | |
| U.S. Agency Securities | 11,155 | -- | 11,155 | -- |
| Collateralized Debt Obligations | 1,674 | -- | 1,674 | -- |
| Non-Collateralized Debt Obligations | 113,977 | -- | 113,977 | -- |
| Mortgage-backed Securities | 1,046,089 | 61,715 | 984,374 | -- |
| Total Debt Securities | 1,172,895 | 61,715 | 1,111,180 | -- |
| Equity Securities | 2,561 | -- | -- | 2,561 |
| Total Investments by Fair Value Level | 1,175,456 | 61,715 | 1,111,180 | 2,561 |

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Equity securities classified in Level 3 of the fair value hierarchy are valued using various unobservable outputs, including but not limited to loan value, equity interest and business performance information. Venture capital investments are valued at par.

**General Fund Investment Portfolio:**
As of June 30, 2020, the Authority had the following investments and maturities covered by the General Fund Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 135,635 | 135,635 | -- | -- | -- |
| Mortgage-backed Securities | -- | -- | -- | -- | -- |
| Corporate Securities: | | | | | |
| Equity | 1,686 | -- | 1,686 | -- | -- |
| General Fund Investments | 137,321 | 135,635 | 1,686 | -- | -- |

The portfolio also has $150,000 in certificates of deposits that are not subject to interest rate risk.

As of June 30, 2019, the Authority had the following investments and maturities covered by the General Fund Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 93,353 | 93,353 | -- | -- | -- |
| Mortgage-backed Securities | 28,032 | -- | -- | -- | 28,032 |
| Corporate Securities: | | | | | |
| Equity | 2,561 | -- | 2,561 | -- | -- |
| General Fund Investments | 123,946 | 93,353 | 2,561 | -- | 28,032 |

The portfolio also has $150,000 in certificates of deposits that are not subject to interest rate risk.

Interest Rate Risk: Investment maturity and projected call dates are expected to coincide with the General Fund obligations. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds in excess of those required to meet the anticipated obligations. Based upon current consideration for each of these factors, investments in the General Fund portfolio may have maturities ranging up to 15 years.

# 4. Cash, Cash Equivalents and Investments (continued)

Credit Risk: The Authority's policy allows investments of the General Fund in the following:

Money market mutual funds are limited to AAA rated funds and non-rated funds with portfolios restricted to only those investments specifically authorized by the investment policy. Money market mutual funds are regulated by the Securities & Exchange Commission and have a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads. The Authority invests in money market mutual funds whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The Authority may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. As of June 30, 2020 and 2019, the Authority invested only in AAA rated money market mutual funds. Money market mutual funds totaled 98.7% and 75.2%, respectively, of the General Fund portfolio; and, the entire Authority portfolio's allocation was 31.4% and 27.9%, respectively.

Certificates of Deposit (CDs) purchased as part of the Authority's minority banking participation cannot exceed $500,000 per financial institution due to federal insurance coverage. CDs issued by financial institutions insured by the FDIC are permitted in amounts up to $250,000. The Authority held $150,000 in CD's in the General Fund as of June 30, 2020 and June 30, 2019, respectively.

U.S. Government Securities, which include, but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips. As of June 30, 2020 and 2019, the U.S. Government Securities were rated AA+ by Standard and Poor's (S&P) and Aaa by Moody's Investors Services (Moody's).

U.S. Agency Securities, which include, but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac or FHLMC), Federal National Mortgage Association (Fannie Mae or FNMA), Federal Agricultural Mortgage Corporation (Farmer Mac) and Government National Mortgage Association (Ginnie Mae or GNMA). As of June 30, 2020 and 2019, the U.S. Agency Securities were rated AA+ by S&P and Aaa by Moody's.

Municipal Bonds and Notes are limited to obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Corporate Bonds and Notes are limited to U.S. domestic corporations having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Mortgage-backed Securities are guaranteed by Fannie Mae and backed by pools of mortgage loans. While the securities carry the guaranty of Fannie Mae, they do not carry explicit credit ratings from S&P or Moody's.

Repurchase Agreements/Collateralized Investment Contracts are collateralized at 102% or better with a defined termination date and secured by U.S. Government Securities and U.S. Agency Securities.

Commercial Paper is limited to "prime" quality obligations with a stated maturity of 270 days or less from the date of its issuance, having at time of purchase the highest short-term program credit rating as provided for by at least one nationally recognized rating service.

Equity securities are restricted to Limited Partnerships as authorized under the SSBCI Program, agreements with the Wisconsin Department of Administration and program parameters as approved by the Members of the Authority.

Bankers Acceptances must have a stated maturity of 180 days or less from the date of issuance, have the highest short-term credit rating as provided for by at least one nationally recognized rating service, be drawn on and accepted by U.S. commercial banks and be eligible for purchase by the Federal Reserve Bank.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2020 and 2019.

Concentration of Credit Risk: No less than 50% of the total portfolio value will be invested in U.S. Government Securities, U.S. Agency Securities and Money Market Mutual Funds. For funds not invested in U.S. Government Securities, U.S. Agency Securities or Money Market Mutual Funds, no more than 5% of the total portfolio market value can be invested with any issuer or secured by one guarantor. No more than 15% of the total portfolio's market value will be invested in any one municipal or industry sector. As of June 30, 2020 the portfolio was in compliance with this requirement.

Foreign Currency Risk: The General Fund Investment Policy requires investments only in securities traded in U.S. dollars.

# 4. Cash, Cash Equivalents and Investments (continued)

**Home Improvement Loan Fund Investment Portfolio:**

As of June 30, 2020, the Authority had the following investments and maturities covered by the Home Improvement Loan Fund Investment Policy, relating to the Home Improvement Loan Program (in thousands of dollars):

| | | Investment Maturities (In Years) | | |
|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 - 10 |
| Money Market Mutual Funds | 5,530 | 5,530 | -- | -- |
| Home Improvement Loan Fund Investments | 5,530 | 5,530 | -- | -- |

As of June 30, 2019, the Authority had the following investments and maturities covered by the Home Improvement Loan Fund Investment Policy, relating to the Home Improvement Loan Program (in thousands of dollars):

| | | Investment Maturities (In Years) | | |
|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 - 10 |
| Money Market Mutual Funds | 3,188 | 3,188 | -- | -- |
| Home Improvement Loan Fund Investments | 3,188 | 3,188 | -- | -- |

Interest Rate Risk: Investment maturity dates or projected call dates are expected to coincide with the cash flow obligations and matched funding analyses, associated with a five year projection period. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds in excess of those required to meet the five year projected cash flow obligations. Based upon current consideration for each of these factors, investments in the Home Improvement Loan Fund portfolio may have maturities ranging up to 10 years.

Credit Risk: It is the Authority's policy to limit investments in the Home Improvement Loan Fund to the following:

Money market mutual funds are limited to AAA rated funds and non-rated funds with portfolios restricted to only those investments specifically authorized by the policy. Money market mutual funds are regulated by the Securities & Exchange Commission and have a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads. The Authority invests in money market mutual funds whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The Authority may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. As of June 30, 2020 and 2019, the Authority invested only in AAA rated money market mutual funds and 100% of the Home Improvement Loan Program portfolio was invested in money market mutual funds.

Certificates of Deposit issued by financial institutions insured by the FDIC are permitted in amounts up to $250,000.

U.S. Government Securities, which include, but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips.

U.S. Agency Securities, which include, but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Freddie Mac, Fannie Mae, Farmer Mac, and Ginnie Mae.

Municipal Bonds and Notes are limited to obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Corporate Bonds and Notes are limited to U.S. domestic corporations having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Repurchase Agreements/Collateralized Investment Contracts are collateralized at 102% or better with a defined termination date and secured by U.S. Government Securities and U.S. Agency Securities.

Commercial Paper is limited to "prime" quality obligations with a stated maturity of 270 days or less from the date of its issuance, having at time of purchase the highest short-term program credit rating as provided for by at least one nationally recognized rating service.

Bankers Acceptances must have a stated maturity of 180 days or less from the date of issuance, have the highest short-term credit rating as provided for by at least one nationally recognized rating service, be drawn on and accepted by U.S. commercial banks and be eligible for purchase by the Federal Reserve Bank.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2020 and 2019.

Concentration of Credit Risk: No less than 60% of the total portfolio value will be invested in U.S. Government Securities, U.S. Agency Securities and Money Market Mutual Funds. For funds not invested in U.S. Government Securities, U.S. Agency Securities or Money Market Mutual Funds, no more than $500,000 can be invested with any issuer or secured by one guarantor. No more than 15% of the total portfolio's market value will be invested in any one municipal or industry sector. As of June 30, 2020, the portfolio was in compliance with this requirement.

## 4. Cash, Cash Equivalents and Investments (continued)

Foreign Currency Risk: The Home Improvement Loan Investment Policy requires investments only in securities traded in U.S. dollars.

**Wisconsin Development Reserve Fund Investment Portfolio:**

As of June 30, 2020, the Authority had the following investments and maturities covered by the Wisconsin Development Reserve Fund Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | |
|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 - 10 |
| Money Market Mutual Funds | 7,766 | 7,766 | -- | -- |
| Wisconsin Development Reserve Fund Investments | 7,766 | 7,766 | -- | -- |

As of June 30, 2019, the Authority had the following investments and maturities covered by the Wisconsin Development Reserve Fund Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | |
|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 - 10 |
| Money Market Mutual Funds | 7,681 | 7,681 | -- | -- |
| Wisconsin Development Reserve Fund Investments | 7,681 | 7,681 | -- | -- |

Interest Rate Risk: Investment maturity and projected call dates are expected to coincide with the cash flow obligations and matched funding analyses associated with a five year projection period. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds in excess of those required to meet the five year projected cash flow obligations. Based upon current consideration for each of these factors, no investment in the Wisconsin Development Reserve Fund portfolio will mature in more than 10 years.

Credit Risk: It is the Authority's policy to allow investments of the Wisconsin Development Reserve Fund in the following:

Money market mutual funds are limited to AAA rated funds and non-rated funds with portfolios restricted to only those investments specifically authorized by the policy. Money market mutual funds are regulated by the Securities & Exchange Commission and have a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads. The Authority invests in money market mutual funds whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The Authority may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. As of June 30, 2020 and 2019, the Authority invested only in AAA rated money market mutual funds, 100% of the Wisconsin Development Reserve Fund portfolio was invested in money market mutual funds in both fiscal years.

Certificates of Deposit issued by financial institutions insured by the FDIC are permitted in amounts up to $250,000.

U.S. Government Securities, which include, but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips.

U.S. Agency Securities, which include, but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Freddie Mac, Fannie Mae, Farmer Mac, and Ginnie Mae. As of June 30, 2020 and 2019, the U.S. Agency Securities were rated AA+ by S&P and Aaa by Moody's.

Municipal Bonds and Notes are limited to obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Corporate Bonds and Notes are limited to U.S. domestic corporations having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Repurchase Agreements/Collateralized Investment Contracts are collateralized at 102% or better with a defined termination date and secured by U.S. Government Securities and U.S. Agency Securities.

Commercial Paper is limited to "prime" quality obligations with a stated maturity of 270 days or less from the date of its issuance, having at time of purchase the highest short-term program credit rating as provided for by at least one nationally recognized rating service.

Bankers Acceptances must have a stated maturity of 180 days or less from the date of issuance, have the highest short-term credit rating as provided for by at least one nationally recognized rating service, be drawn on and accepted by U.S. commercial banks and be eligible for purchase by the Federal Reserve Bank.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2020 and 2019.

## 4. Cash, Cash Equivalents and Investments (continued)

Concentration of Credit Risk: No less than 60% of the total portfolio value will be invested in U.S. Government Securities, U.S. Agency Securities and Money Market Mutual Funds. For funds not invested in U.S. Government Securities, U.S. Agency Securities or Money Market Mutual Funds, no more than 5% of the total portfolio market value can be invested with any issuer or secured by one guarantor. No more than 15% of the total portfolio's market value will be invested in any one municipal or industry sector. As of June 30, 2020, the portfolio was in compliance with this requirement.

Foreign Currency Risk: The Wisconsin Development Reserve Fund Investment Policy requires investments only in securities traded in U.S. dollars.

**Escrow Fund Investment Portfolio:**
As of June 30, 2020, the Authority had the following investments and maturities covered by the Escrow Fund Investment Policy, related to escrow deposits (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 - 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 75,045 | 75,045 | -- | -- | -- |
| U.S. Agency Securities | 2 | -- | 2 | -- | -- |
| Escrow Fund Investments | 75,047 | 75,045 | 2 | -- | -- |

The portfolio also has $6.25 million in certificates of deposits that are not subject to interest rate risk.

As of June 30, 2019, the Authority had the following investments and maturities covered by the Escrow Fund Investment Policy, related to escrow deposits (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 - 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 58,360 | 58,360 | -- | -- | -- |
| U.S. Agency Securities | 5,965 | 5,962 | 3 | -- | -- |
| Escrow Fund Investments | 64,325 | 64,322 | 3 | -- | -- |

The portfolio also has $11 million in certificates of deposits that are not subject to interest rate risk.

In accordance with provisions of certain escrow agreements related to mortgages outstanding, escrow deposits are to be invested in accordance with the agreements and investment income is to be allocated to the escrow deposits based upon investment results. Investment income of $1.2 million and $1.5 million was allocated to the mortgage escrow deposits for the years ended June 30, 2020 and 2019, respectively, and is included in interest expense in the Statements of Revenues, Expenses and Change in Net Position.

Interest Rate Risk: Investment maturity dates or projected call dates are expected to coincide with the cash flow obligations and matched funding analyses associated with a five year projection period. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds in excess of those required to meet the five year projected cash flow obligations. Based upon current consideration for each of these factors, investments in the Escrow Fund portfolio may have maturities ranging up to 30 years.

Credit Risk: It is the Authority's policy to limit investments in the Escrow Fund to the following:

Money market mutual funds are limited to AAA rated funds and non-rated funds with portfolios restricted to only those investments specifically authorized by the policy. Money market mutual funds are regulated by the Securities & Exchange Commission and have a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads. The Authority invests in money market mutual funds whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The Authority may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. As of June 30, 2020 and 2019, the Authority invested only in AAA rated money market mutual funds, and 92.3% and 77.4%, respectively, of the Escrow Fund portfolio was invested in money market mutual funds.

Certificates of Deposit issued as part of the Bankers' Bank Certificate of Deposit program cannot exceed $500,000 per financial institution, and is not to exceed 25% of the total portfolio market value. All other certificates issued by financial institutions insured by the FDIC are permitted in amounts up to $250,000. As of June 30, 2020, all certificates outstanding were in compliance with this policy.

U.S. Government Securities, which include, but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips. As of June 30, 2020 and 2019, the U.S. Government Securities were rated AA+ by S&P and Aaa by Moody's.

U.S. Agency Securities, which include, but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Freddie Mac, Fannie Mae, Farmer Mac, and Ginnie Mae. As of June 30, 2020 and 2019, the U.S. Agency Securities were rated AA+ by S&P and Aaa by Moody's.

## 4. Cash, Cash Equivalents and Investments (continued)

Municipal Bonds and Notes limited to obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Corporate Bonds and Notes are limited to U.S. domestic corporations having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Commercial Paper is limited to "prime" quality obligations with a stated maturity of 270 days or less from the date of its issuance, having at time of purchase the highest short-term program credit rating as provided for by at least one nationally recognized rating service.

Bankers Acceptances must have a stated maturity of 180 days or less from the date of issuance, have the highest short-term credit rating as provided for by at least one nationally recognized rating service, be drawn on and accepted by U.S. commercial banks and be eligible for purchase by the Federal Reserve Bank.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2020 and 2019.

Concentration of Credit Risk: No less than 60% of the total portfolio value will be invested in U.S. Government Securities, U.S. Agency Securities and Money Market Mutual Funds. For funds not invested in U.S. Government Securities, U.S. Agency Securities or Money Market Mutual Funds, no more than 5% of the total portfolio market value can be invested with any issuer or secured by one guarantor. No more than 10% of the total portfolio's market value will be invested in any one municipal or industry sector, and no more than 25% of the portfolio's market value will be invested in bank certificates of deposit. As of June 30, 2020 the portfolio was in compliance with this requirement.

Foreign Currency Risk: The Escrow Fund Investment Policy requires investments only in securities traded in U.S. dollars.

**Bond Programs Investment Portfolio:**

As of June 30, 2020, the Authority had the following investments and maturities covered by the HORB, HRB and MHB Bond Programs Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 - 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 367,861 | 367,861 | -- | -- | -- |
| U.S. Agency Securities | 5,096 | 5,026 | -- | 70 | -- |
| Mortgage-backed Securities | 1,149,486 | -- | -- | -- | 1,149,486 |
| Collateralized Investment Contracts | 1,065 | 216 | -- | -- | 849 |
| Non-collateralized Investment Contracts | 127,168 | 28,527 | 98,641 | -- | -- |
| Bond Program Investments | 1,650,676 | 401,630 | 98,641 | 70 | 1,150,335 |

As of June 30, 2019, the Authority had the following investments and maturities covered by the HORB, HRB and MHB Bond Programs Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 - 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 297,746 | 297,746 | -- | -- | -- |
| U.S. Agency Securities | 5,190 | 41 | 5,068 | 81 | -- |
| Mortgage-backed Securities | 1,018,058 | -- | -- | -- | 1,018,058 |
| Collateralized Investment Contracts | 1,674 | 826 | -- | -- | 848 |
| Non-collateralized Investment Contracts | 113,977 | 92,095 | 21,882 | -- | -- |
| Bond Program Investments | 1,436,645 | 390,708 | 26,950 | 81 | 1,018,906 |

Interest Rate Risk: Investment maturities will coincide with the anticipated debt service payment dates and cash flow obligations associated with the life of the bonds. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds in excess of those required to meet the projected cash flow obligations. No investment will mature after the final bond maturity of the issue.

Credit Risk: It is the Authority's policy to allow investments of the HORB, HRB and MHB Bond Programs which are acceptable to each rating agency currently rating the General Resolution. Such investments include but are not limited to the following:

# 4. Cash, Cash Equivalents and Investments (continued)

Money market mutual funds are limited to AAA rated funds and non-rated funds with portfolios restricted to only those investments specifically authorized by the investment policy. Money market mutual funds are regulated by the Securities & Exchange Commission and have a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads. The Authority invests in money market mutual funds whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The Authority may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. As of June 30, 2020 and 2019, the Authority invested only in AAA rated money market mutual funds. Money market mutual funds totaled 22.3% and 20.7%, respectively, of the Bond Programs Investment portfolio.

U.S. Government Securities, which include, but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips. As of June 30, 2020 and 2019, the U.S. Government Securities were rated AA+ by S&P and Aaa by Moody's.

U.S. Agency Securities, which include, but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Freddie Mac, Fannie Mae, Farmer Mac, and Ginnie Mae. As of June 30, 2020 and 2019, the U.S. Agency Securities were rated AA+ by S&P and Aaa by Moody's.

Mortgage-backed Securities are guaranteed by Fannie Mae and backed by pools of mortgage loans issued by the Authority. While the securities carry the guaranty of Fannie Mae, they do not carry explicit credit ratings from S&P or Moody's.

Repurchase Agreements/Collateralized Investment Contracts collateralized at 102% or better with a defined termination date not to exceed the maturity of the Bonds, and secured by permitted investments as allowed by the General Resolution. Only contract providers acceptable to the rating agency(s) currently rating the General Resolution will be used. Individual investment contracts are not rated.

Investment Contracts/Uncollateralized Investment Contracts with uncollateralized investment contracts being limited to a defined termination date not to exceed 42 months. Only contract providers acceptable to the rating agency(s) currently rating the General Resolution will be used. Individual investment contracts are not rated.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2020 and 2019.

Concentration of Credit Risk: The investment policy allows investments as outlined in the applicable general resolution. As of June 30, 2020 and 2019, the bond portfolios were in compliance with this requirement. As of June 30, 2020, 100% of mortgage-backed securities held by the Authority are issued by Fannie Mae.

Foreign Currency Risk: It is the Authority's policy to allow transactions traded in currencies acceptable to each rating agency currently rating the General Resolution.

Portions of cash, cash equivalents and investments are restricted and pledged to the payment of the principal, interest and sinking fund installments in accordance with the terms of the bond resolutions and note agreements.

The asset restrictions at June 30, 2020 and 2019 are as follows (in thousands of dollars):

| | 2020 | 2019 |
|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | |
| 1987 | 11,413 | 7,756 |
| 1988 | 11,468 | 12,493 |
| Housing Revenue Bonds | 57,616 | 50,964 |
| Total Cash, Cash Equivalents and Investments | 80,497 | 71,213 |

Cash, cash equivalents and investments of the funds at June 30, 2020 and 2019 met or exceeded the liquidity requirements of the bond resolutions and note agreements.

# 5. Mortgage Loans

Mortgage loans provide for monthly receipts of principal and interest for terms of 10 to 30 years for Home Ownership Revenue Bonds and Home Ownership Mortgage Revenue Bonds mortgage loans (together referred to as Single Family Bonds); terms of 1 to 40 years for Housing Revenue Bonds and Multifamily Housing Bonds mortgage loans (together referred to as Multifamily Bonds); terms of 1 to 15 years for State of Wisconsin Programs' mortgage loans; and terms of 1 to 40 years for the General Fund's mortgage loans.

Home Ownership Revenue Bonds and Multifamily Housing Bonds and Housing Revenue Bonds are collateralized with a combination of first and second mortgage liens and mortgage backed securities. Home Ownership Mortgage Revenue Bonds will be collateralized by Mortgage-backed securities guaranteed as to timely payment of principal and interest by Ginnie Mae, Fannie Mae, or Freddie Mac.

## 5. Mortgage Loans (continued)

State of Wisconsin Programs are collateralized by second mortgage liens and the General Fund is collateralized primarily by first or second mortgage liens on multifamily developments and single family homes. Also, the General Fund includes Participation Lending Loans which are collateralized by subordinate liens considered on a case by case basis. The collateral coverage for these loans will be the minimum of 110% of market value and 80% of liquidation value.

Mortgages made from the proceeds from Home Ownership Revenue Bonds were initially insured by mortgage pool insurance. Once the bonds retire, mortgages may become self-insured or mortgage pool insurance is retained.

The Authority participates in the Fannie Mae and Ginnie Mae Mortgage-backed Securities (MBS) program. Through the MBS program, Fannie Mae and Ginnie Mae guarantee securities that are backed by pools of mortgage loans originated by the Authority (Note 4). The Authority purchases the securities and receives a fee for servicing the pass-through of principal and interest payments on the pool of mortgage loans, less amounts required to cover guaranty fees. As of June 30, 2020 and 2019, the Authority had $38.8 million and $47.7 million of loans held for sale.

Mortgage loans receivable bear interest at the following annual rates:

| | |
|---|---|
| Home Ownership Revenue Bonds | 0% - 11.00% |
| Multifamily Bonds | 0% - 10.45% |
| State of Wisconsin Programs | 0% - 8.00% |
| General Fund | 0% - 8.25% |

Mortgage loan information at June 30, 2020 and 2019 is as follows (in thousands of dollars):

| | Mortgage Loan Balances | Allowance for Loan Losses | Real Estate Held | Net Mortgage Loan Balances |
|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | |
| 1987 | 132,398 | (709) | 191 | 131,880 |
| 1988 | 165,615 | (797) | 289 | 165,107 |
| Housing Revenue Bonds | 595,997 | (8,135) | -- | 587,862 |
| Multifamily Housing Bonds | 112,931 | (3,212) | -- | 109,719 |
| State of Wisconsin Programs | 6,019 | (432) | 33 | 5,620 |
| General Fund | 212,782 | (11,821) | 926 | 201,887 |
| Total as of June 30, 2020 | 1,225,742 | (25,106) | 1,439 | 1,202,075 |
| Home Ownership Revenue Bond Resolutions: | | | | |
| 1987 | 157,229 | (729) | 428 | 156,928 |
| 1988 | 197,594 | (836) | 461 | 197,219 |
| Housing Revenue Bonds | 500,304 | (8,689) | -- | 491,615 |
| Multifamily Housing Bonds | 127,957 | (3,212) | -- | 124,745 |
| State of Wisconsin Programs | 8,138 | (448) | 1 | 7,691 |
| General Fund | 209,653 | (10,383) | 750 | 200,020 |
| Total as of June 30, 2019 | 1,200,875 | (24,297) | 1,640 | 1,178,218 |

Activity in the allowance for loan losses included provisions charged to expense of $1.7 million and $3.3 million for the years ended June 30, 2020 and 2019, respectively. Activity in the allowance for loan losses also included actual loan charge offs of $932,000 and $844,000 for the years ended June 30, 2020 and 2019, respectively.

In addition, the Authority serviced $1.7 billion and $1.6 billion in loans as of June 30, 2020 and 2019, respectively. These loans are serviced by the Authority for the benefit of others, for which the Authority collects a fee.

At June 30, 2020, the Authority was committed to fund mortgage loans approximating the following amounts (in millions of dollars):

| | |
|---|---|
| Home Ownership Revenue Bonds | $ -- |
| Multifamily Bonds | $140.3 |
| State of Wisconsin Programs | $ -- |
| General Fund | $ 70.6 |

## 5. Mortgage Loans(concluded)

In response to the COVID-19 pandemic, WHEDA has developed programs for borrowers who are experiencing business and personal disruptions due to the COVID-19 pandemic pursuant to which the Authority may provide loan payment deferrals or interest-only modifications. In accordance with interagency regulatory guidance and the CARES Act, qualifying loans modified in response to the COVID-19 pandemic will not be considered troubled debt restructurings.

As of June 30,2020, the Authority had made closed loan modifications in response to the COVID-19 pandemic in the following amounts (in millions of dollars):

| | |
|---|---|
| Home Ownership Revenue Bonds.................... | $27.9 |
| Multifamily Bonds......................................... | $16.0 |
| General Fund................................................ | $4.9 |

## 6. Bonds and Notes Payable

Bonds and notes payable of the Authority at June 30, 2020 and 2019 consist of the following (in thousands of dollars):

| | 2020 | 2019 |
|---|---|---|
| Bonds and Notes | 2,023,367 | 1,861,992 |
| Premium/Discount on Bonds | 18,829 | 16,381 |
| Total Bonds and Notes Payable | 2,042,196 | 1,878,373 |

Bonds and notes payable of the Authority increased/decreased since June 30, 2018 as follows (in thousands of dollars):

| | 2018 | Increase | (Decrease) | 2019 | Increase | (Decrease) | 2020 |
|---|---|---|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | | | | |
| 1987 | 424,485 | -- | (38,545) | 385,940 | 225,000 | (41,610) | 569,330 |
| 1988 | 370,640 | 290,000 | (33,275) | 627,365 | -- | (50,985) | 576,380 |
| Home Ownership Mortgage Revenue Bonds | 121,258 | -- | (12,368) | 108,890 | -- | (34,957) | 73,933 |
| Housing Revenue Bonds | 439,350 | 148,480 | (35,365) | 552,465 | 140,330 | (59,475) | 633,320 |
| Multifamily Housing Bonds | 131,732 | -- | (3,275) | 128,457 | -- | (15,017) | 113,440 |
| General Fund | 44,313 | 39,571 | (25,009) | 58,875 | 64,724 | (66,635) | 56,964 |
| Premium/Discount on Bonds | 13,955 | 7,397 | (4,971) | 16,381 | 7,227 | (4,779) | 18,829 |
| Total Bonds and Notes Payable | 1,545,733 | 485,448 | (152,808) | 1,878,373 | 437,281 | (273,458) | 2,042,196 |

Interest on the outstanding general and special obligation bonds is payable monthly, quarterly or semiannually.

The Authority's bonds and notes are collateralized by the revenues and assets of the Authority, subject to the provision of bond resolutions and note agreements which pledge particular revenues or assets to specific bonds or notes. Any particular series may contain both term bonds, subject to mandatory sinking fund requirements, and serial bonds which mature at various dates. The bonds may be redeemed at the Authority's option at various dates. The lines of credit can be prepaid in part or in full at any time.

Bonds and Notes Payable (in thousands of dollars):

| Program/Bond Resolution | Interest Rates* | Dated** | Maturities* | 2020 | 2019 |
|---|---|---|---|---|---|
| Housing Revenue Bond | | | | | |
| 1974 2003 Series C | 5.00% - 5.25% | 12/23/03 | 2023-2043 | 775 | 800 |
| 2003 Series D and E | Variable | 12/23/03 | 2044 | -- | 7,305 |
| 2005 Series F | Variable | 12/14/05 | 2030 | 76,585 | 81,730 |
| 2006 Series A and B | 4.55% - 4.70% | 12/14/06 | 2027-2047 | 8,430 | 8,715 |
| 2007 Series F and G | Variable | 12/19/07 | 2042 | 14,335 | 14,565 |
| 2008 Series A, B, C, D, E, F and G | Variable | 06/04/08 | 2030-2033 | 10,685 | 10,965 |
| 2009 Series A | Variable | 12/30/09 | 2042 | 8,505 | 8,595 |
| 2010 Series A and B | 4.25% - 5.75% | 12/22/10 | 2020-2043 | 16,000 | 17,680 |
| 2012 Series A and B | Variable | 01/27/12 | 2055 | 49,800 | 50,555 |
| 2013 Series ABC | 2.625% - 4.5% | 06/26/13 | 2020-2045 | 4,890 | 8,050 |
| 2015 Series ABC | 1.875% - 4.25% | 11/30/15 | 2020-2052 | 51,255 | 54,900 |
| 2016 Series A | 2.00% - 4.50% | 12/22/16 | 2020-2054 | 14,985 | 15,260 |
| 2016 Series C | Variable | 12/22/16 | 2034 | -- | 14,915 |
| 2017 Series AB | 1.850% - 4.15% | 12/21/17 | 2020-2055 | 74,010 | 95,695 |
| 2017 Series C | Variable | 12/21/17 | 2046 | 14,255 | 14,255 |
| 2018 Series ABC | 2.25% - 4.45% | 12/20/18 | 2021-2057 | 148,480 | 148,480 |
| 2019 Series A | 1.30% - 3.375% | 12/04/19 | 2020-2057 | 140,330 | -- |
| Total Housing Revenue Bonds 1974 | | | | 633,320 | 552,465 |

## 6. Bonds and Notes Payable (continued)

| Program/Bond Resolution | | Interest Rates* | Dated** | Maturities* | 2020 | 2019 |
|---|---|---|---|---|---|---|
| Multifamily Housing Bonds | | | | | | |
| | 2007 Series A and B | Variable | 06/29/07 | 2040 | 9,900 | 10,125 |
| | 2007 Series C | Variable | 08/02/07 | 2048 | 5,675 | 5,750 |
| | 2008 Series A and B | Variable | 08/28/08 | 2046 | 12,360 | 12,560 |
| | 2009 Series B-1 | Variable | 10/21/11 | 2041 | 4,460 | 4,590 |
| | 2009 Series B-2 | Variable | 10/21/11 | 2041 | 44,370 | 45,660 |
| | 2011 Series A | Variable | 09/01/11 | 2043 | 7,965 | 8,160 |
| | 2014 Series A | 1.95% - 4.05% | 10/30/14 | 2020-2049 | 6,590 | 6,700 |
| | 2016 Series C | 1.50% - 3.50% | 06/21/16 | 2020-2053 | 9,675 | 9,795 |
| | 2018 Series A | Variable | 05/21/18 | 2049 | 12,445 | 25,117 |
| Total Multifamily Housing Bonds | | | | | 113,440 | 128,457 |

| Program/Bond Resolution | | Interest Rates* | Dated** | Maturities* | 2020 | 2019 |
|---|---|---|---|---|---|---|
| Home Ownership Revenue Bonds | | | | | | |
| 1987 | 2000 Series H | Variable | 11/30/00 | 2024 | 1,110 | 1,665 |
| | 2002 Series B | Variable | 02/06/02 | 2032 | -- | 180 |
| | 2003 Series B | Variable | 07/29/03 | 2034 | 10,230 | 11,860 |
| | 2005 Series D and E | Variable | 09/29/05 | 2036 | 6,735 | 7,000 |
| | 2007 Series A and B | Variable | 04/10/07 | 2026 | -- | 4,205 |
| | 2015 Series C | Variable | 09/01/15 | 2031 | 44,205 | 44,205 |
| | 2015 Series AB | 2.25% - 4.00% | 09/01/15 | 2020-2045 | 67,150 | 83,335 |
| | 2016 Series DE | 1.35% - 3.50% | 10/06/16 | 2020-2046 | 113,075 | 123,205 |
| | 2018 Series AB | 2.05% - 4.00% | 03/28/18 | 2020-2048 | 58,500 | 66,180 |
| | 2018 Series C | Variable | 03/28/18 | 2039 | 44,105 | 44,105 |
| | 2019 Series C | 1.10% - 4.00% | 09/10/19 | 2020-2050 | 124,220 | -- |
| | 2020 Series A | 1.15% - 3.50% | 04/29/20 | 2020-2050 | 100,000 | -- |
| Total Home Ownership Revenue Bonds 1987 | | | | | 569,330 | 385,940 |

| Program/Bond Resolution | | Interest Rates* | Dated** | Maturities* | 2020 | 2019 |
|---|---|---|---|---|---|---|
| Home Ownership Revenue Bonds | | | | | | |
| 1988 | 2003 Series D | Variable | 11/04/03 | 2028 | 4,470 | 5,030 |
| | 2004 Series E | Variable | 11/23/04 | 2035 | 13,450 | 15,545 |
| | 2006 Series A and B | Variable | 01/19/06 | 2037 | 19,135 | 19,445 |
| | 2007 Series C and D | Variable | 04/10/07 | 2038 | 10,160 | 16,735 |
| | 2016 Series AB | 1.75% - 3.50% | 04/27/16 | 2020-2046 | 90,660 | 108,880 |
| | 2016 Series C | Variable | 04/27/16 | 2038 | 56,595 | 60,000 |
| | 2017 Series BC | 1.70% - 4.00% | 10/24/17 | 2020-2048 | 63,495 | 72,500 |
| | 2017 Series D | Variable | 10/24/17 | 2037 | 40,000 | 40,000 |
| | 2018 Series D | 1.95% - 4.00% | 09/13/18 | 2020-2047 | 90,615 | 96,780 |
| | 2018 Series E | Variable | 09/13/18 | 2039 | 27,450 | 27,450 |
| | 2019 Series A | 1.75% - 4.25% | 03/28/19 | 2020-2049 | 110,350 | 115,000 |
| | 2019 Series B | Variable | 03/28/19 | 2043 | 50,000 | 50,000 |
| Total Home Ownership Revenue Bonds 1988 | | | | | 576,380 | 627,365 |

| Program/Bond Resolution | | Interest Rates* | Dated** | Maturities* | 2020 | 2019 |
|---|---|---|---|---|---|---|
| Home Ownership Mortgage Revenue Bonds | | | | | | |
| | 2010 Series A and 2009 Series A-1 | 3.01% - 4.50% | 11/16/10 | 2019-2041 | -- | 24,925 |
| | 2017 Series A | 2.69% | 06/28/17 | 2047 | 73,933 | 83,965 |
| Total Home Ownership Mortgage Revenue Bonds | | | | | 73,933 | 108,890 |

# 6. Bonds and Notes Payable (continued)

| Notes Payable | Interest Rates* | Dated** | Maturities* | 2020 | 2019 |
|---|---|---|---|---|---|
| Line of Credit – Construction Plus | Variable | 10/01/14 | 2020 | 24,800 | 23,570 |
| Line of Credit – Economic Development | 3.50% | 11/30/17 | 2026 | 5,000 | 5,000 |
| Line of Credit – Economic Development | 3.74% | 08/30/17 | 2024 | 5,000 | 5,000 |
| Rural Housing PRLF | 1.00% | 11/03/08 | 2038-2040 | 2,145 | 2,252 |
| Rural Housing PRLF 2019 | 1.00% | 04/10/19 | 2049 | 2,111 | 2,111 |
| Line of Credit – Single Family Loans | Variable | 10/31/18 | 2023 | 13,908 | 16,942 |
| Other | 3.75% | 01/24/01 | 2021 | 4,000 | 4,000 |
| Total Notes Payable | | | | 56,964 | 58,875 |
| Total Bonds and Notes | | | | 2,023,367 | 1,861,992 |

The unused balance on the Construction Plus line of credit was $15.2 million and $16.4 million as of June 30, 2020 and 2019.

The Authority has $537.7 million in Variable Rate Demand Bonds (VRDB) outstanding. The interest rate on the VRDB is set on a weekly, monthly and quarterly basis. The bondholders may tender the VRDB on specified dates at a price equal to par plus accrued interest.

The Authority's remarketing agents are authorized to use their best efforts to sell the repurchased bonds at par by adjusting the interest rate. The remarketing agent determines the interest rate on each maturity of bonds.

In the event that the VRDB cannot be remarketed, they will be purchased by the liquidity provider based on the terms of the liquidity agreement. The liquidity agreements are Standby Bond Purchase Agreements or Letters of Credit. The Authority currently has six liquidity providers. The short-term ratings of the liquidity providers are A-1 or A-1+ by Standard and Poor's and P-1 by Moody's Investor Service ratings.

No draws under the liquidity agreements are outstanding as of June 30, 2020 and no funds have been drawn July 1, 2019 to June 30, 2020. If a draw occurs, it will accrue interest at the bank's base rate. The bank's base rate is calculated using a prime lending rate or the federal funds rate plus a spread of an agreed-upon minimum rate. If the bonds are not remarketed and a draw remains outstanding for a period of time or a default under the agreement occurs, the interest rate is increased. If the draw remains outstanding for a specified number of days, it may be amortized over a specified period of time (3 to 5 years). If interest on the draws or the required amortization of the draw is not paid, a default will occur.

Each liquidity agreement commitment includes the par amount of the bonds outstanding and accrued interest at the maximum bond rate. The Authority is required to pay an annual commitment fee on each liquidity agreement. The Authority did not pay any up-front commitment fees for the liquidity agreements. Each liquidity agreement includes provisions for extension at the option of the liquidity provider and the Authority. The expiration dates range from June 1, 2021 to October 1, 2026.

* Interest rates and maturities are as of June 30, 2020.
** Variable Rate Bonds are dated the date of delivery.

Scheduled debt maturities in the five fiscal years subsequent to June 30, 2020 and five year increments thereafter are as follows (in thousands of dollars):

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026-2030 | 2031-2035 |
|---|---|---|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | | | | |
| 1987 | 19,310 | 20,290 | 20,875 | 15,310 | 21,170 | 111,885 | 126,475 |
| 1988 | 15,260 | 15,720 | 16,220 | 16,795 | 17,375 | 76,135 | 123,440 |
| Home Ownership Mortgage Revenue Bonds | -- | -- | -- | -- | -- | -- | -- |
| Housing Revenue Bonds | 14,175 | 13,750 | 14,710 | 15,830 | 16,725 | 96,610 | 77,495 |
| Multifamily Housing Bonds | 1,910 | 1,980 | 2,065 | 2,145 | 2,245 | 12,630 | 15,445 |
| General Fund | 42,815 | 109 | 178 | 180 | 182 | 10,937 | 985 |
| Totals | 93,470 | 51,849 | 54,048 | 50,260 | 57,697 | 308,197 | 343,840 |

| | 2036-2040 | 2041-2045 | 2046-2050 | 2051-2055 | 2056-2058 |
|---|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | | |
| 1987 | 85,940 | 82,035 | 65,835 | 205 | -- |
| 1988 | 118,950 | 111,290 | 65,195 | -- | -- |
| Home Ownership Mortgage Revenue Bonds | -- | -- | 73,933 | -- | -- |
| Housing Revenue Bonds | 88,745 | 103,485 | 112,470 | 66,290 | 13,035 |
| Multifamily Housing Bonds | 18,600 | 20,335 | 34,390 | 1,695 | -- |
| General Fund | 811 | 417 | 350 | -- | -- |
| Totals | 313,046 | 317,562 | 352,173 | 68,190 | 13,035 |

# 6. Bonds and Notes Payable (concluded)

Using rates as of June 30, 2020, debt service requirements of the Authority's outstanding debt interest payments, assuming current interest rates remain the same for their term, are as follows (in thousands of dollars). As rates change, variable rate bond interest payments will vary.

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026-2030 | 2031-2035 |
|---|---|---|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | | | | |
| 1987 | 18,381 | 13,454 | 13,017 | 12,630 | 12,238 | 55,552 | 45,924 |
| 1988 | 16,736 | 11,709 | 11,380 | 11,013 | 10,609 | 47,135 | 39,001 |
| Home Ownership Mortgage Revenue Bonds | 1,989 | 1,989 | 1,989 | 1,989 | 1,989 | 9,944 | 9,944 |
| Housing Revenue Bonds | 17,330 | 14,633 | 14,451 | 14,254 | 14,036 | 66,153 | 57,675 |
| Multifamily Housing Bonds | 2,476 | 2,434 | 2,390 | 2,344 | 2,296 | 10,668 | 9,066 |
| General Fund | 717 | 383 | 402 | 401 | 305 | 419 | 109 |
| Totals | 57,629 | 44,602 | 43,629 | 42,631 | 41,473 | 189,871 | 161,719 |

| | 2036-2040 | 2041-2045 | 2046-2050 | 2051-2055 | 2056-2058 |
|---|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | | |
| 1987 | 32,991 | 19,870 | 5,163 | 1 | -- |
| 1988 | 34,425 | 23,268 | 3,858 | -- | -- |
| Home Ownership Mortgage Revenue Bonds | 9,944 | 9,944 | 4,143 | -- | -- |
| Housing Revenue Bonds | 47,306 | 35,111 | 21,028 | 7,571 | 668 |
| Multifamily Housing Bonds | 7,087 | 5,065 | 3,341 | 112 | -- |
| General Fund | 59 | 30 | 9 | -- | -- |
| Totals | 131,812 | 93,288 | 37,542 | 7,684 | 668 |

During the years ended June 30, 2020 and 2019, the Authority redeemed various outstanding bonds early according to the redemption provisions in the bond resolutions. A summary of all early redemptions follows (in thousands of dollars):

| | 2020 | 2019 |
|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | |
| 1987 | 26,280 | 24,670 |
| 1988 | 36,645 | 23,320 |
| Home Ownership Mortgage Revenue Bonds | 34,047 | 11,492 |
| Housing Revenue Bonds | 46,230 | 22,660 |
| Multifamily Housing Bonds | 13,187 | 510 |
| General Fund | 50,000 | -- |
| Total | 206,389 | 82,652 |

In fiscal year 2020, The Authority issued $100.0 million in Home Ownership Revenue Bonds in the 1987 Resolution. Bond proceeds of $17.8 million were used to redeem existing Home Ownership Mortgage Revenue Bonds. The projected debt service payments on the existing bonds was $19.3 million and the projected debt service on the new bonds is expected to be $18.8 million. The projected economic gain using 2.4% was $362,000.

# 7. Derivatives

The Authority has entered into various interest rate swap agreements. The agreements provide the Authority with synthetic fixed interest rates on a portion of its debt. During the term of the swap agreements, the Authority expects to effectively pay a fixed rate on the debt. In return, the counterparty pays interest based on a contractually agreed upon variable rate. The Authority will be exposed to variable rates on the outstanding bonds if the counterparty to the swap defaults, the swap is terminated such that the bonds outstanding is greater than the swap notional value, or the effective interest rate, determined by the remarketing agent used for bond holder payments, increases over the variable rate index used for calculating the interest received from the counterparty. All interest rate swap agreements at June 30, 2020 and 2019 were classified as effective cash flow hedges, per GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". The fair value, or termination market value, is reported on the Statements of Net Position of the Authority.

# 7. Derivatives (continued)

The following table outlines information related to agreements in place as of June 30, 2020 and 2019 (in thousands of dollars):

| Program and Bond Issue | Notional Value at 6/30/20 | Effective Date | Swap Termination Date | Counterparty Credit Rating | Fixed Rate Paid | Variable Rate/Index Received[4] [5] | Swap Termination Market Value at 06/30/20 | Swap Termination Market Value at 06/30/19 | Change in Fair Value |
|---|---|---|---|---|---|---|---|---|---|
| HRB[1] | | | | | | | | | |
| 2005 Series F | 49,395 | 01/17/2006 | 11/01/2030 | A+/Aa2 | 5.21% | 1 Month LIBOR | (13,643) | (10,795) | (2,848) |
| 2007 Series F | 9,735 | 12/19/2007 | 11/01/2025 | A+/Aa2 | 4.01% | SIFMA + 6 Basis Points | (1,815) | (1,531) | (284) |
| 2007 Series G | 4,600 | 12/19/2007 | 11/01/2025 | A+/Aa2 | 4.01% | SIFMA + 6 Basis Points | (858) | (724) | (134) |
| | | Total HRB Swap Termination Market Value | | | | | (16,316) | (13,050) | (3,266) |
| MHB[2] | | | | | | | | | |
| 2007 Series A | 6,435 | 06/29/2007 | 10/01/2022 | A+/Aa2 | 4.43% | SIFMA + 6 Basis Points | (588) | (643) | 55 |
| 2007 Series B | 3,465 | 06/29/2007 | 10/01/2022 | A+/Aa2 | 5.90% | 1 Month LIBOR - 2 Basis Points | (438) | (461) | 23 |
| 2007 Series C | 5,675 | 08/02/2007 | 09/01/2024 | A+/Aa2 | 4.33% | SIFMA + 2 Basis Points | (934) | (855) | (79) |
| 2008 Series A | 6,125 | 08/28/2008 | 10/01/2026 | A+/Aa2 | 3.89% | SIFMA + 2 Basis Points | (1,272) | (1,025) | (247) |
| 2008 Series A | 3,940 | 08/28/2008 | 10/01/2026 | A+/Aa2 | 3.89% | SIFMA + 2 Basis Points | (817) | (660) | (157) |
| 2008 Series B | 2,295 | 08/28/2008 | 10/01/2026 | A+/Aa2 | 5.08% | LIBOR + 7 Basis Points | (638) | (490) | (148) |
| 2011 Series A | 7,965 | 09/04/2018 | 09/02/2025 | A/A1 | 2.15% | SIFMA | (725) | (417) | (308) |
| | | Total HRB Swap Termination Market Value | | | | | (5,412) | (4,551) | (861) |
| 1987 HORB[3] | | | | | | | | | |
| 2002 Series B | -- | 02/06/2002 | 03/01/2020 | A+/Aa2 | 5.88% | 1 Month LIBOR + 35 Basis Points | -- | (1) | 1 |
| 2003 Series B | 10,230 | 07/29/2003 | 09/01/2034 | A+/Aa2 | 3.94% | 65% of 1 Month LIBOR + 25 Basis Points | (1,064) | (1,020) | (44) |
| 2015 Series C | 44,205 | 03/01/2016 | 03/01/2031 | AA-/Aa2 | 1.98% | 67% of 1 Month LIBOR | (1,596) | (907) | (689) |
| 2018 Series C | 44,105 | 03/28/2018 | 03/01/2039 | AA-/Aa2 | 2.66% | 73% of 1 Month LIBOR | (3,216) | (2,273) | (943) |
| | | Total 1987 HORB Swap Termination Market Value | | | | | (5,876) | (4,201) | (1,675) |
| 1988 HORB[3] | | | | | | | | | |
| 2004 Series E | 13,450 | 11/23/2004 | 09/01/2035 | A+/Aa2 | 3.99% | 65% of 1 Month LIBOR + 25 Basis Points | (1,691) | (1,463) | (228) |
| 2016 Series C | 56,595 | 04/27/2016 | 03/01/2038 | AA-/Aa2 | 1.911% | 67% of 1 Month LIBOR | (1,257) | (391) | (866) |
| 2017 Series D | 40,000 | 10/24/2017 | 09/01/2037 | AA-/Aa2 | 2.215% | 73% of 1 Month LIBOR | (2,527) | (1,242) | (1,285) |
| 2018 Series E | 27,450 | 09/13/2018 | 09/01/2039 | A+/Aa2 | 2.800% | 73% of 1 Month LIBOR | (2,619) | (1,784) | (835) |
| 2019 Series B | 50,000 | 03/28/2019 | 03/01/2043 | AA-/Aa2 | 2.529% | 73% of 1 Month LIBOR | (5,764) | (2,994) | (2,770) |
| | | Total 1988 HORB Swap Termination Market Value | | | | | (13,858) | (7,874) | (5,984) |
| | | | Total Swap Termination Market Value | | | | (41,462) | (29,676) | (11,786) |

(1) Housing Revenue Bonds
(2) Multifamily Housing Bonds
(3) Home Ownership Revenue Bonds
(4) London Interbank Offered Rate
(5) SIFMA Municipal Bond Index™

# 7. Derivatives (continued)

Swap Valuation: The Swap Termination Market Values presented above were estimated by the Authority's counterparties to the swap agreements, using proprietary valuation models based on industry valuation methodology, including the use of forward yield curves, zero curve rates, and market implied volatility assumptions. The fair market valuation of these swaps is classified in Level 2 (Note 4) according to the fair value hierarchy provided by GASB No. 72 "Fair Value measurement and application". The synthetic instrument method and the regression analysis method were used to determine whether the derivative was an effective hedge or not based on criteria provided by GASB Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments". The fair values of the hedgeable derivatives are presented in the Statements of Net Position of the Authority.

The market values in the table above represent the termination payments that would have been due had the swaps terminated on June 30, 2020 or June 30, 2019. A positive value represents money due to the Authority by the counterparty upon termination while a negative value represents money payable by the Authority.

Termination Risk: Counterparties to the Authority's swap agreements have ordinary termination rights that require a settlement payment by the Authority or the counterparty based on the market value of the swap agreement at the time of termination. As of June 30, 2020, no counterparty termination events occurred.

Credit Risk: The Authority is exposed to credit risk, the risk that the counterparty fails to perform according to its contractual obligations, on all swap agreements. As of June 30, 2020, the counterparty or counterparty guarantor in 61% of the outstanding swaps were rated AA-/Aa2, 37% of the outstanding swaps were rated A+/Aa2, and the remaining counterparty was rated A/A1 by S&P and Moody's, respectively. A collateral agreement has been entered into with all but one of the swap counterparties, to help reduce the Authority's exposure to credit risk. Collateral is required based on the counterparty's credit rating and the allowed threshold under each credit rating level.

As of June 30, 2020, there were three counterparties rated A+/Aa2. One has collateral requirements starting at BBB+/Baa1 and a posting threshold of $500,000 and a second has collateral requirements starting at A+/A1 and a posting threshold of $10.0 million. A third has collateral requirements starting at AA-/Aa3 or above and a posting threshold of $50.0 million. The posting threshold at the current rating of A+/Aa2 is $30.0 million. The counterparty rated AA-/Aa2 has collateral requirements starting at AA/Aa2 or above and a posting threshold of $50.0 million. The posting threshold at the current rating of AA-/Aa2 is $25.0 million. The counterparty rated A/A2 does not have a collateral agreement with the Authority. Based on the fair values as of June 30, 2020, no collateral is required from any counterparty.

Basis and Interest Rate Risk: This risk arises when the amount that is paid by the swap counterparty is different than the variable rate interest payment due to the bondholders. For the Authority, this can happen when the swap counterparty payment is based on a taxable index (LIBOR) while the underlying bonds are traded in the tax exempt market. Based on market conditions, the relationship between taxable and tax exempt rates may vary. To minimize this risk, the Authority has chosen to use the formula that best represents the relationship between the taxable index and the Authority's historical bond rates. In addition, even when the swap counterparty payment is based on a tax exempt index (SIFMA) and the underlying bonds are tax exempt, or the swap counterparty payment is based on a taxable index (LIBOR) and the underlying bonds are taxable, the Authority's variable rate bonds may be traded differently from the market indices.

Rollover Risk: The Authority is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty's option prior to the maturity of the associated bond. The Authority's swap agreements have limited rollover risk. For HORB issues, the swap agreements contain scheduled reductions to the notional amounts that are expected to follow the scheduled and anticipated reductions in the associated bonds under a wide range of mortgage prepayment speeds. In the case of the HRB and MHB issues, the underlying mortgages will adjust at the swap termination date to current market conditions.

The following swaps expose the Authority to rollover risk:

| Associated Debt Issuance | Bond Maturity Date | Swap Termination Date |
|---|---|---|
| 1974 HRB 2007 Series F & G | 05/01/2042 | 11/01/2025 |
| 2006 MHB 2007 Series A & B | 10/01/2040 | 10/01/2022 |
| 2006 MHB 2007 Series C | 10/01/2048 | 09/01/2024 |
| 2006 MHB 2008 Series A & B | 04/01/2046 | 10/01/2026 |
| 2011 MHB 2011 Series A | 12/01/2043 | 09/01/2025 |

# 7. Derivatives (concluded)

Swap Payments and Associated Debt:

Using rates as of June 30, 2020, debt service requirements of the Authority's outstanding variable rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows (in thousands of dollars). As rates vary, variable rate bond interest payments and net swap payments will vary.

| Fiscal Year Ending June 30 | Principal | Interest | Interest Rate Swaps, Net | Total |
|---|---|---|---|---|
| 2021 | 4,615 | 1,500 | 10,676 | 16,791 |
| 2022 | 4,850 | 620 | 10,700 | 16,170 |
| 2023 | 14,255 | 599 | 10,259 | 25,113 |
| 2024 | 5,110 | 587 | 9,794 | 15,492 |
| 2025 | 10,595 | 568 | 9,434 | 20,598 |
| 2026 – 2030 | 110,210 | 2,394 | 37,163 | 149,767 |
| 2031 – 2035 | 120,560 | 1,496 | 22,939 | 144,995 |
| 2036 – 2040 | 95,330 | 490 | 7,738 | 103,558 |
| 2041 – 2045 | 20,140 | 50 | 810 | 21,000 |
| Totals | 385,665 | 8,304 | 119,513 | 513,484 |

# 8. Restricted Net Position

Programs that are financed by the issuance of bonds are accounted for separately in accordance with each of the bond resolutions. Program assets and revenues are pledged to bondholders. As of June 30, 2020 and 2019, approximately $638.3 million and $566.0 million, respectively, of the net position was restricted by bond resolutions. Revenues in excess of required amounts are available to be transferred to the General Fund. Amounts transferred to the General Fund from the bond resolutions are free and clear of any lien or pledge created by the bond resolutions and may be used for any lawful purpose.

Net Position restricted by contractual agreement for various purposes including credit enhancements, loan programs, operating expenses, collateral for note agreements and property replacement was approximately $280.6 million and $261.2 million as of June 30, 2020 and 2019, respectively.

The unrestricted General Fund net position of $15.6 million as of June 30, 2020 will be used according to the 2020-2021 Dividends for Wisconsin plan.

# 9. Retirement and Other Benefits

**General Information about the Pension Plan**

**Plan description**. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a stand-alone WRS Financial Report, which can be found at http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

# 9. Retirement and Other Benefits(continued)

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**Post-Retirement Adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

| Year | Core Fund Adjustment (%) | Variable Fund Adjustment (%) |
|---|---|---|
| 2010 | (1.3) | 22 |
| 2011 | (1.2) | 11 |
| 2012 | (7.0) | (7) |
| 2013 | (9.6) | 9 |
| 2014 | 4.7 | 25 |
| 2015 | 2.9 | 2 |
| 2016 | 0.5 | (5) |
| 2017 | 2.0 | 4 |
| 2018 | 2.4 | 17 |
| 2019 | 0.0 | (10) |

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged in the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized $774,186 and $781,651 in contributions from the employer as of June 30, 2020 and 2019, respectively. Contribution rates as of June 30, 2020 and June 30, 2019 are as follows:

| Employee Category | 2020 Employee | 2020 Employer | 2019 Employee | 2019 Employer |
|---|---|---|---|---|
| General (including teachers, executives and elected officials) | 6.55% | 6.55% | 6.7% | 6.7% |
| Protective with Social Security | 6.55% | 10.55% | 6.7% | 10.7% |
| Protective without Social Security | 6.55% | 14.95% | 6.7% | 14.9% |

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

At June 30, 2020, the Authority reported an asset of $2,395,231 for its proportionate share of the net pension asset. The Net Pension Asset was measured as of December 31, 2019, and the Total Pension Asset used to calculate the Net Pension Asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Authority's proportion of the Net Pension Asset was based on the Authority's share of contributions to the pension plan relative to contributions of all participating employers. At December 31, 2019, the Authority's proportion was .074%, which was a increase of .001% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Authority recognized pension expense of $928,922.

# 9. Retirement and Other Benefits(continued)

At June 30, 2019, the Authority reported a liability of $2,600,301 for its proportionate share of the net pension liability. The Net Pension Liability was measured as of December 31, 2018, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Authority's proportion of the Net Pension Liability (Asset) was based on the Authority's share of contributions to the pension plan relative to contributions of all participating employers. At December 31, 2018, the Authority's proportion was .073%, which was an increase of .002% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the Authority recognized pension expense of $1,783,074.

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

| | **2020** | **2020** | **2019** | **2019** |
|---|---|---|---|---|
| | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
| Differences between expected and actual experience | $4,547 | ($2,275) | $2,025 | ($3,580) |
| Net differences between projected and actual earnings on pension plan investments | $0 | ($4,897) | $3,797 | $0 |
| Changes in assumptions | $186 | $0 | $438 | $0 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | $14 | ($4) | $42 | ($2) |
| Employer contributions subsequent to the measurement date | $394 | $0 | $378 | $0 |
| **Total** | $5,141 | ($7,176) | $6,680 | ($3,582) |

$394,000 and $378,000 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the years ended June 30, 2020 and 2019, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows (in thousands of dollars):

| | **Fiscal Year 2020** |
|---|---|
| **Year ended June 30:** | **Net Deferred Outflow and (Inflows) of Resources** |
| 2021 | ($712) |
| 2022 | ($540) |
| 2023 | $83 |
| 2024 | ($1,260) |
| Thereafter | $0 |

| | **Fiscal Year 2019** |
|---|---|
| **Year ended June 30:** | **Net Deferred Outflows and (Inflows) of Resources** |
| 2020 | $997 |
| 2021 | $258 |
| 2022 | $427 |
| 2023 | $1,038 |
| Thereafter | $0 |

## 9. Retirement and Other Benefits(continued)

**Actuarial assumptions.** The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial Valuation Date: | December 31, 2018 |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2019 |
| Actuarial Cost Method: | Entry Age |
| Asset Valuation Method: | Fair Market Value |
| Long-Term Expected Rate of Return: | 7.0% |
| Discount Rate: | 7.0% |
| Salary Increases:<br>Inflation<br>Seniority/Merit | <br>3.0%<br>0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |
| Post-retirement Adjustments* | 1.9% |

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

**Long-term expected Return on Plan Assets:** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**Retirement Funds**
**Asset Allocation Targets and Expected Returns**
As of December 31, 2019

| | **Asset Allocation %** | **Long-Term Expected Nominal Rate of Return %** | **Long-Term Expected Real Rate of Return %** |
|---|---|---|---|
| **Core Fund Asset Class** | | | |
| Global Equities | 49.0 | 8.1 | 5.1 |
| Fixed Income | 24.5 | 4.9 | 2.1 |
| Inflation Sensitive Assets | 15.5 | 4.0 | 1.2 |
| Real Estate | 9.0 | 6.3 | 3.5 |
| Private Equity/Debt | 8.0 | 10.6 | 7.6 |
| Multi-Asset | 4.0 | 6.9 | 4.0 |
| Total Core Fund | 110 | 7.5 | 4.6 |
| **Variable Fund Asset Class** | | | |
| U.S. Equities | 70 | 7.5 | 4.6 |
| International Equities | 30 | 8.2 | 5.3 |
| Total Variable Fund | 100 | 7.8 | 4.9 |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single Discount rate:** A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity Index's "20-year Municipal GO AA Index as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Authority's proportionate share of the Net Pension Asset to changes in the discount rate**. The following presents the Authority's proportionate share of the Net Pension Asset calculated using the discount rate of 7.00 percent, as well as what the Authority's proportionate share of the Net Pension Asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate (in thousands):

| Fiscal Year 2020 | 1% Decrease to Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase to Discount Rate (8.00%) |
|---|---|---|---|
| Authority's proportionate share of the net pension liability (asset) | $6,168 | ($2,395) | ($8,797) |

| Fiscal Year 2019 | 1% Decrease to Discount Rate (6.20%) | Current Discount Rate (7.20%) | 1% Increase to Discount Rate (8.20%) |
|---|---|---|---|
| Authority's proportionate share of the net pension liability (asset) | $10,334 | $2,600 | ($3,150) |

*Pension plan fiduciary net position*. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

**Other Post-Employment Benefits**

**General Information about Other Post-Employment Benefits**

**Plan Description.** The SRLIF is a multiple-employer defined benefit OPEB plan. SRLIF benefits and other plan provisions are established by Chapter 40 of Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

**OPEB Plan Fiduciary Net Position.** ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at http://etf.wi.gov/publications/cafr.htm

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report which can be found at https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75State.do

**Benefits provided.** The SRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

**Contributions.** The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

# 9. Retirement and Other Benefits(continued)

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2020 are:

| Coverage Type | Employer Contribution |
|---|---|
| 50% Post Retirement Coverage | 28% of employee contribution |

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per $1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

Life Insurance
Employee Contribution Rates*
For the year ended December 31, 2019

| Attained Age | Basic | Supplemental |
|---|---|---|
| Under 30 | $0.04 | $0.04 |
| 30-34 | 0.04 | 0.04 |
| 35-39 | 0.04 | 0.04 |
| 40-44 | 0.06 | 0.06 |
| 45-49 | 0.11 | 0.11 |
| 50-54 | 0.17 | 0.17 |
| 55-59 | 0.23 | 0.23 |
| 60-64 | 0.32 | 0.32 |
| 65-69 | 0.41 | 0.41 |

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the SRLIF recognized $3,956 and $4,972 in contributions from the employer as of June 30, 2020 and 2019, respectively.

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

At June 30, 2020 and 2019, the Authority reported a liability of $2,351,088 and $1,546,686, respectively for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019 and the Total OPEB Liability used to calculate the Net OEPB Liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. The Authority's proportion of the Net OPEB Liability was based on the Authority's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019 the Authority's proportion was .344%, which was an decrease of .014% from its proportion measured as of December 31, 2018. At December 31, 2018, the Authority's proportion was .358%, which was an increase of .099% from its proportion measured as of December 31, 2017.

For the years ended June 30, 2020 and 2019, the Authority recognized OPEB expense of $294,046 and $204,178, respectively.

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

| | 2020 Deferred Outflows of Resources | 2020 Deferred Inflows of Resources | 2019 Deferred Outflows of Resources | 2019 Deferred Inflows of Resources |
|---|---|---|---|---|
| Differences between expected and actual experience | $0 | ($71) | $0 | ($67) |
| Net differences between projected and actual earnings on OPEB plan investments | $38 | $0 | $31 | $0 |
| Changes in assumptions | $750 | ($230) | $126 | ($290) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | $330 | $0 | $399 | $0 |
| Employer contributions subsequent to the measurement date | $0 | $0 | $0 | $0 |
| **Total** | $1,119 | ($361) | $556 | ($357) |

# 9. Retirement and Other Benefits(continued)

$0 reported as deferred outflows related to OPEB resulting from the SRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the years ended June 30, 2020 and 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands of dollars):

| | Fiscal Year 2020 |
|---|---|
| Year Ended June 30: | Net Deferred Inflows and Outflows of Resources |
| 2020 | $147 |
| 2021 | $147 |
| 2022 | $143 |
| 2023 | $139 |
| 2024 | $108 |
| Thereafter | $74 |

| | Fiscal Year 2019 |
|---|---|
| Year Ended June 30: | Net Deferred Inflows and Outflows of Resources |
| 2019 | $41 |
| 2020 | $41 |
| 2021 | $41 |
| 2022 | $37 |
| 2023 | $32 |
| Thereafter | $7 |

***Actuarial assumptions.*** The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial Valuation Date: | January 1, 2019 |
| Measurement Date of Net OPEB Liability: | December 31, 2019 |
| Actuarial Cost Method: | Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield: | 2.74% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate: | 2.84% |
| Salary Increases | |
| Inflation: | 3.00% |
| Seniority/Merit: | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 31, 2019 actuarial valuation.

***Long-term expected Return on Plan Assets.*** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the SRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the SRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

# 9. Retirement and Other Benefits (concluded)

**State OPEB Life Insurance**
**Asset Allocation Targets and Expected Returns**
**As of December 31, 2019**

| **Asset Class** | **Index** | **Target Allocation** | **Long-Term Expected Geometric Real Rate of Return** |
|---|---|---|---|
| US Credit Bonds | Barclays Credit | 45% | 2.129% |
| US Long Credit Bonds | Barclays Long Credit | 5% | 2.90% |
| US Mortgages | Barclays MBS | 50% | 1.53% |
| | | | |
| Inflation | | | 2.20% |
| Long-Term Expected Rate of Return | | | 4.25% |

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.3% in the prior year to 2.2% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

***Single Discount Rate.*** A Single discount rate of 2.84% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.20% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2033.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65. The current employer contribution schedule includes annual increases of 5% in each of the next nine years, as approved by the Group Insurance Board in August 2019.

***Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate.*** The following presents the Authority's proportionate share of the Net OPEB Liability calculated using the discount rate of 2.84 percent, as well as what the Authority's proportionate share of the Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.84 percent) or 1-percentage point higher (3.84 percent) than the current rate (in thousands of dollars):

| Fiscal Year 2020 | 1% Decrease to Discount Rate (1.84%) | Current Discount Rate (2.84%) | 1% Increase To Discount Rate (3.84%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability | $3,139 | $2,351 | $1,744 |

| Fiscal Year 2019 | 1% Decrease to Discount Rate (3.20%) | Current Discount Rate (4.20%) | 1% Increase To Discount Rate (5.20%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability | $2,108 | $1,547 | $1,112 |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Required Supplementary Information

### June 30, 2020
### with comparative totals for June 30, 2019

**SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**
Wisconsin Retirement System
Last 6 Fiscal Years*
(In Thousands)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Authority's proportion of the net pension liability (asset) | .074% | .072% | .070% | .071% | .073% | .074% |
| Authority's proportionate share of the net pension liability (asset) | ($1,828) | $1,166 | $578 | ($2,105) | $2,600 | ($2,395) |
| Authority's covered-payroll | $9,909 | $9,868 | $10,124 | $10,859 | $11,666 | $11,820 |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 102.74% | 98.2% | 99.12% | 102.93% | 96.45% | 102.96% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

**SCHEDULE OF AUTHORITY CONTRIBUTIONS**
Wisconsin Retirement System
Last 6 Fiscal Years*
(In Thousands)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Contractually required contributions | $694 | $671 | $668 | $738 | $782 | $774 |
| Contributions in relation to the contractually required contributions | ($694) | ($671) | ($668) | ($738) | $782 | $774 |
| Contribution deficiency (excess) | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Authority's covered-payroll | $9,909 | $9,868 | $10,124 | $10,859 | $11,666 | $11,820 |
| Contributions as a percentage of covered-employee payroll | 7.0% | 6.8% | 6.6% | 6.8% | 6.7% | 6.5% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**Notes to Required Supplementary Information**
**For the Year Ended June 30, 2020**

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions.* Note significant change in assumptions were noted from the prior year.

**SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**
State Retiree Life Insurance Fund
Last 3 Fiscal Years*
(In Thousands)

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| Authority's proportion of the net OPEB liability | 0.259% | 0.358% | 0.344% |
| Authority's proportionate share of the net OPEB liability | $1,280 | $1,547 | $2,351 |
| Authority's covered-employee payroll | $8,261 | $9,361 | $9,565 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 41.63% | 44.36% | 33.75% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

**SCHEDULE OF AUTHORITY CONTRIBUTIONS**
State Retiree Life Insurance Fund
Last 3 Fiscal Years*
(In Thousands)

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| Contractually required contributions | $3 | $5 | $4 |
| Contributions in relation to the contractually required contributions | $3 | $5 | $4 |
| Contribution deficiency (excess) | $0 | $0 | $0 |
| Authority's covered-employee payroll | $8,261 | $9,361 | $9,565 |
| Contributions as a percentage of covered-employee payroll | .042% | .053% | .041% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**Notes to Required Supplementary Information**
**For the Year Ended June 30, 2020**

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in SRLIF.

*Changes of assumptions.* Several actuarial assumptions used to develop Total OPEB Liability changed from the prior year, including the single discount rate long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

## Supplementary Information

## June 30, 2020
## with comparative totals for June 30, 2019

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Net Position
### June 30, 2020
### with comparative totals for June 30, 2019
**(Thousands of Dollars)**

| | Single Family Bonds | Housing Revenue Bonds | Multifamily Housing Bonds | State of Wisconsin Programs | General Fund | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current Assets: | | | | | | | |
| Cash and cash equivalents (Notes 1 & 4) | 223,327 | 131,375 | 13,501 | 13,305 | 276,099 | 657,607 | 503,907 |
| Investments (Notes 1 & 4) | 228 | 33,542 | - | - | 6,400 | 40,170 | 110,123 |
| Investment interest receivable | 20 | 541 | 1 | 1 | 54 | 617 | 1,439 |
| Mortgage-backed securities investment interest receivable | 2,909 | 52 | - | - | - | 2,961 | 2,832 |
| Mortgage loans receivable, net (Notes 1 & 5) | 16,879 | 26,077 | 2,711 | 691 | 19,066 | 65,424 | 62,272 |
| Mortgage interest receivable | 1,607 | 2,501 | 450 | 42 | 947 | 5,547 | 5,535 |
| Accounts receivable | 290 | 1 | - | 15 | 2,047 | 2,353 | 1,985 |
| Prepaid expense | 20 | 13 | 3 | - | 13 | 49 | 88 |
| Interfunds | (13,027) | (412) | (1,160) | (94) | 14,693 | - | - |
| Total Current Assets | 232,253 | 193,690 | 15,506 | 13,960 | 319,319 | 774,728 | 688,181 |
| Noncurrent Assets: | | | | | | | |
| Investments (Notes 1 & 4) | 70 | 99,488 | - | - | 1,688 | 101,246 | 30,444 |
| Mortgage-backed securities (Notes 1 & 4) | 1,127,060 | 22,427 | - | - | - | 1,149,487 | 1,046,089 |
| Mortgage loans receivable, net (Notes 1 & 5) | 280,108 | 561,785 | 107,008 | 4,929 | 182,821 | 1,136,651 | 1,115,946 |
| Net pension asset (Note 9) | - | - | - | - | 2,395 | 2,395 | - |
| Other assets (Note 1) | - | - | - | - | 1,567 | 1,567 | 1,631 |
| Total Noncurrent Assets | 1,407,238 | 683,700 | 107,008 | 4,929 | 188,471 | 2,391,346 | 2,194,110 |
| Total Assets | 1,639,491 | 877,390 | 122,514 | 18,889 | 507,790 | 3,166,074 | 2,882,291 |
| **Deferred Outflow of Resources** | | | | | | | |
| Accumulated change in fair value of hedging derivatives (Notes 1 & 7) | 19,734 | 16,316 | 5,412 | - | - | 41,462 | 29,676 |
| Deferred outflow of resources - pension (Note 9) | - | - | - | - | 5,141 | 5,141 | 6,680 |
| Deferred outflow of resources - other post employment benefits (Note 9) | - | - | - | - | 1,119 | 1,119 | 556 |
| Total Deferred Outflow of Resources | 19,734 | 16,316 | 5,412 | - | 6,260 | 47,722 | 36,912 |
| **Liabilities** | | | | | | | |
| Current Liabilities: | | | | | | | |
| Bonds and notes payable (Notes 1 & 6) | 39,050 | 14,174 | 1,910 | - | 42,815 | 97,949 | 89,189 |
| Accrued interest payable | 11,385 | 3,007 | 729 | - | 276 | 15,397 | 14,229 |
| Total Current Liabilities | 50,435 | 17,181 | 2,639 | - | 43,091 | 113,346 | 103,418 |
| Noncurrent Liabilities: | | | | | | | |
| Bonds and notes payable (Notes 1 & 6) | 1,199,426 | 619,142 | 111,530 | - | 14,149 | 1,944,247 | 1,789,184 |
| Escrow deposits (Notes 1 & 4) | - | - | - | - | 107,361 | 107,361 | 102,180 |
| Derivative instrument - interest rate swaps (Notes 1 & 7) | 19,734 | 16,316 | 5,412 | - | - | 41,462 | 29,676 |
| Net pension liability (Note 9) | - | - | - | - | - | - | 2,600 |
| Net other post employment benefits liability (Note 9) | - | - | - | - | 2,351 | 2,351 | 1,547 |
| Other liabilities | 407 | 253 | 40 | 5,044 | 56,407 | 62,151 | 42,409 |
| Total Noncurrent Liabilities | 1,219,567 | 635,711 | 116,982 | 5,044 | 180,268 | 2,157,572 | 1,967,596 |
| Total Liabilities | 1,270,002 | 652,892 | 119,621 | 5,044 | 223,359 | 2,270,918 | 2,071,014 |
| **Deferred Inflow of Resources** | | | | | | | |
| Deferred inflow of resources - pension (Note 9) | | | | | 7,176 | 7,176 | 3,582 |
| Deferred inflow of resources - other post employment benefits (Note 9) | - | - | - | - | 361 | 361 | 357 |
| Total Deferred Inflow of Resources | - | - | - | - | 7,537 | 7,537 | 3,939 |
| **Net Position** | | | | | | | |
| Net investment in capital assets | - | - | - | - | 797 | 797 | 337 |
| Restricted by bond resolutions (Note 8) | 389,223 | 240,814 | 8,305 | - | - | 638,342 | 565,952 |
| Restricted by contractual agreements (Note 8) | - | - | - | 13,845 | 266,722 | 280,567 | 261,239 |
| Unrestricted (Note 8) | - | - | - | - | 15,635 | 15,635 | 16,722 |
| Total Net Position | 389,223 | 240,814 | 8,305 | 13,845 | 283,154 | 935,341 | 844,250 |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Revenues, Expenses And Change in Net Position For the Year Ended June 30, 2020 with comparative totals for the year ended June 30, 2019

**(Thousands of Dollars)**

| | Single Family Bonds | Housing Revenue Bonds | Multifamily Housing Bonds | State of Wisconsin Programs | General Fund | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|---|
| Mortgage income (Note 1) | 19,007 | 26,110 | 5,731 | 373 | 11,601 | 62,822 | 64,322 |
| Investment interest (Note 1) | 2,223 | 5,194 | 169 | 152 | 5,356 | 13,094 | 14,209 |
| Net increase (decrease) in fair value of investments | (2) | 11 | - | - | (513) | (504) | (134) |
| Mortgage-backed securities investment income | 33,975 | 720 | - | - | 1,237 | 35,932 | 29,546 |
| Net increase (decrease) in fair value of mortgage-backed securities | 46,078 | 848 | - | - | (425) | 46,501 | 42,003 |
| Interest expense (Note 1) | (29,988) | (18,558) | (4,274) | - | (3,121) | (55,941) | (48,539) |
| Debt financing costs | (2,107) | (1,021) | - | - | - | (3,128) | (3,133) |
| Net Investment Income | 69,186 | 13,304 | 1,626 | 525 | 14,135 | 98,776 | 98,274 |
| Mortgage service fees | - | 19 | 165 | 8 | 8,270 | 8,462 | 7,525 |
| Pass-through subsidy revenue (Note 1) | - | 4,509 | - | - | 189,476 | 193,985 | 186,321 |
| Grant Income | - | - | - | - | 4,822 | 4,822 | 3,317 |
| Other income (Note 1) | 952 | 204 | - | 37 | 17,080 | 18,273 | 20,816 |
| Net Investment and Other Income | 70,138 | 18,036 | 1,791 | 570 | 233,783 | 324,318 | 316,253 |
| Direct loan program expense | 3,669 | 1,109 | 192 | 4 | 10,044 | 15,018 | 19,108 |
| Pass-through subsidy expense (Note 1) | - | 4,509 | - | - | 189,476 | 193,985 | 186,321 |
| Grants and services | - | - | - | - | 2,520 | 2,520 | 1,377 |
| General and administrative expenses | 5,216 | 1,709 | 54 | 112 | 14,546 | 21,637 | 22,118 |
| Other expense (Note 1) | - | - | - | - | 67 | 67 | 54 |
| Total Expenses | 8,885 | 7,327 | 246 | 116 | 216,653 | 233,227 | 228,978 |
| Change in Net Position | 61,253 | 10,709 | 1,545 | 454 | 17,130 | 91,091 | 87,275 |
| Net Position, Beginning of Year | 328,923 | 230,105 | 6,924 | 13,391 | 264,907 | 844,250 | 756,975 |
| Transfers between programs (Note 8) | (953) | - | (164) | - | 1,117 | - | - |
| Net Position, End of Year | 389,223 | 240,814 | 8,305 | 13,845 | 283,154 | 935,341 | 844,250 |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Cash Flows
### For the Year Ended June 30, 2020
### with comparative totals for the year ended June 30, 2019
**(Thousands of Dollars)**

| | Single Family Bonds | Housing Revenue Bonds | Multifamily Housing Bonds | State of Wisconsin Programs | General Fund | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|---|
| Cash Flows from Operating Activities: | | | | | | | |
| Cash received from interest on mortgage loans | 19,490 | 25,633 | 5,791 | 377 | 11,520 | 62,811 | 64,306 |
| Cash received from mortgage payments | 60,674 | 64,935 | 15,026 | 2,122 | 44,921 | 187,678 | 160,813 |
| Cash received from other fees and other income | 1,087 | 223 | 164 | 43 | 30,237 | 31,754 | 34,897 |
| Cash payments to purchase mortgage loans | (3,515) | (161,183) | - | (51) | (46,787) | (211,536) | (163,597) |
| Cash received from escrow and other agency deposits, net | - | - | - | - | 29,220 | 29,220 | 10,380 |
| Cash payments to employees | (4,173) | (1,367) | (43) | (90) | (11,618) | (17,291) | (16,715) |
| Cash payments to vendors | (4,880) | (2,510) | (201) | (26) | (17,922) | (25,539) | (29,558) |
| Transfers between programs and change in interfunds | (901) | (1,831) | (166) | (117) | 3,015 | - | - |
| Net Cash Provided by (Used in) Operating Activities | 67,782 | (76,100) | 20,571 | 2,258 | 42,586 | 57,097 | 60,526 |
| Cash Flows from Non-Capital Financing Activities: | | | | | | | |
| Proceeds from issuance of bonds and notes | 232,228 | 140,330 | - | - | 64,725 | 437,283 | 485,445 |
| Repayments on bonds and notes | (127,552) | (59,475) | (15,017) | - | (66,635) | (268,679) | (147,836) |
| Interest paid on bonds, notes and escrows | (33,377) | (18,611) | (4,332) | - | (3,230) | (59,550) | (50,488) |
| Bond premium | (2,107) | (1,021) | - | - | - | (3,128) | (3,133) |
| Net Cash Provided by (Used in) Non-Capital Financing Activities | 69,192 | 61,223 | (19,349) | - | (5,140) | 105,926 | 283,988 |
| Cash Flows from Investing Activities: | | | | | | | |
| Purchases of investments | (269,429) | (81,189) | - | - | (181,286) | (531,904) | (733,122) |
| Proceeds from sales and maturities of investments | 178,165 | 75,474 | - | - | 220,058 | 473,697 | 369,655 |
| Investment interest received | 36,205 | 6,300 | 184 | 164 | 6,807 | 49,660 | 41,880 |
| Net Cash Provided by (Used in) Investing Activities | (55,059) | 585 | 184 | 164 | 45,579 | (8,547) | (321,587) |
| Cash Flows from Capital Financing Activities: | | | | | | | |
| Purchase of capital assets | - | - | - | - | (776) | (776) | (470) |
| Sale of capital assets | - | - | - | - | - | - | - |
| Net Cash Used in Capital Financing Activities | - | - | - | - | (776) | (776) | (470) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 81,915 | (14,292) | 1,406 | 2,422 | 82,249 | 153,700 | 22,457 |
| Cash and Cash Equivalents, Beginning of Year | 141,412 | 145,667 | 12,095 | 10,883 | 193,850 | 503,907 | 481,450 |
| Cash and Cash Equivalents, End of Year | 223,327 | 131,375 | 13,501 | 13,305 | 276,099 | 657,607 | 503,907 |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Cash Flows
### For the Year Ended June 30, 2020
### with comparative totals for the year ended June 30, 2019
**(Thousands of Dollars)**

| | Single Family Bonds | Housing Revenue Bonds | Multifamily Housing Bonds | State of Wisconsin Programs | General Fund | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|---|
| Reconciliation of Change in Net Position to Net Cash Provided by (Used in) Operating Activities: | | | | | | | |
| Change in Net Position | 61,253 | 10,709 | 1,545 | 454 | 17,130 | 91,091 | 87,275 |
| Adjustments to Reconcile Change in Net Position to Net Cash Provided by (Used in) Operating Activities: | | | | | | | |
| Net (increase) decrease in fair value of investments and mortgage-backed securities | (46,076) | (859) | - | - | 938 | (45,997) | (41,869) |
| Provision for loan loss | - | 52 | - | - | 1,691 | 1,743 | 3,276 |
| Interest expense | 29,988 | 18,558 | 4,274 | - | 3,121 | 55,941 | 48,539 |
| Income on investments and mortgage backed securities | (36,197) | (5,914) | (169) | (152) | (6,593) | (49,025) | (43,756) |
| Depreciation and amortization | - | - | - | - | (1,870) | (1,870) | (1,655) |
| Decrease (Increase) in mortgage loans receivable and real estate held | 57,159 | (96,299) | 15,026 | 2,071 | (3,557) | (25,600) | (6,058) |
| Increase in escrows | - | - | - | - | 5,200 | 5,200 | 7,358 |
| Other | 1,655 | (2,347) | (105) | (115) | 26,526 | 25,614 | 7,416 |
| Net Cash Provided by (Used in) Operating Activities | 67,782 | (76,100) | 20,571 | 2,258 | 42,586 | 57,097 | 60,526 |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Net Position - Home Ownership Mortgage Loan Program
### June 30, 2020
### with comparative totals for June 30, 2019
**(Thousands of Dollars)**

| | Single Family Bonds | | | Total | |
|---|---|---|---|---|---|
| **Assets** | 1987 | 1988 | 2009 | 2020 | 2019 |
| Current Assets: | | | | | |
| Cash and cash equivalents (Notes 1 & 4) | 91,962 | 126,189 | 5,176 | 223,327 | 141,412 |
| Investments (Notes 1 & 4) | 217 | 11 | - | 228 | 866 |
| Investment interest receivable | 12 | 8 | 0 | 20 | 261 |
| Mortgage-backed securities investment interest receivable | 1,286 | 1,429 | 194 | 2,909 | 2,675 |
| Mortgage loans receivable, net (Notes 1 & 5) | 7,676 | 9,203 | - | 16,879 | 17,722 |
| Mortgage interest receivable | 725 | 882 | - | 1,607 | 2,091 |
| Accounts receivable | 98 | 192 | - | 290 | 428 |
| Prepaid expense | 11 | 9 | - | 20 | 25 |
| Interfunds | (5,188) | (3,848) | (3,991) | (13,027) | (12,975) |
| Total Current Assets | 96,799 | 134,075 | 1,379 | 232,253 | 152,505 |
| Noncurrent Assets: | | | | | |
| Investments (Notes 1 & 4) | - | 70 | - | 70 | 146 |
| Mortgage-backed securities (Notes 1 & 4) | 520,334 | 523,958 | 82,768 | 1,127,060 | 989,003 |
| Mortgage loans receivable, net (Notes 1 & 5) | 124,204 | 155,904 | - | 280,108 | 336,425 |
| Other assets (Note 1) | - | - | - | - | - |
| Total Noncurrent Assets | 644,538 | 679,932 | 82,768 | 1,407,238 | 1,325,574 |
| Total Assets | 741,337 | 814,007 | 84,147 | 1,639,491 | 1,478,079 |
| **Deferred Outflow of Resources** | | | | | |
| Accumulated change in fair value of hedging derivatives (Notes 1 & 7) | 5,876 | 13,858 | - | 19,734 | 12,075 |
| **Liabilities** | | | | | |
| Current Liabilities: | | | | | |
| Bonds and notes payable (Notes 1 & 6) | 21,634 | 17,416 | - | 39,050 | 33,422 |
| Accrued interest payable | 5,226 | 5,991 | 168 | 11,385 | 9,997 |
| Total Current Liabilities | 26,860 | 23,407 | 168 | 50,435 | 43,419 |
| Noncurrent Liabilities: | | | | | |
| Bonds and notes payable (Notes 1 & 6) | 557,753 | 567,740 | 73,933 | 1,199,426 | 1,105,158 |
| Escrow deposits (Notes 1 & 4) | - | - | - | - | - |
| Derivative instrument - interest rate swaps (Notes 1 & 7) | 5,876 | 13,858 | - | 19,734 | 12,075 |
| Other liabilities | 117 | 290 | - | 407 | 579 |
| Total Noncurrent Liabilities | 563,746 | 581,888 | 73,933 | 1,219,567 | 1,117,812 |
| Total Liabilities | 590,606 | 605,295 | 74,101 | 1,270,002 | 1,161,231 |
| **Net Position** | | | | | |
| Net investment in capital assets | - | - | - | - | - |
| Restricted by bond resolutions (Note 8) | 156,607 | 222,570 | 10,046 | 389,223 | 328,923 |
| Restricted by contractual agreements (Note 8) | - | - | - | - | - |
| Unrestricted (Note 8) | - | - | - | - | - |
| Total Net Position | 156,607 | 222,570 | 10,046 | 389,223 | 328,923 |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Revenues, Expenses And Change in Net Position - Home Ownership Mortgage Loan Program For the Year Ended June 30, 2020 with comparative totals for the year ended June 30, 2019

**(Thousands of Dollars)**

| | Single Family Bonds | | | Total | |
|---|---|---|---|---|---|
| | 1987 | 1988 | 2009 | 2020 | 2019 |
| Mortgage income (Note 1) | 8,396 | 10,611 | - | 19,007 | 22,180 |
| Investment interest (Note 1) | 993 | 1,170 | 60 | 2,223 | 2,694 |
| Net decrease in fair value of investments | (1) | (1) | - | (2) | (8) |
| Mortgage-backed securities investment income | 12,263 | 18,279 | 3,433 | 33,975 | 26,600 |
| Net increase in fair value of mortgage-backed securities | 26,681 | 17,344 | 2,053 | 46,078 | 39,601 |
| Interest expense (Note 1) | (11,978) | (15,318) | (2,692) | (29,988) | (24,250) |
| Debt financing costs | (2,107) | - | - | (2,107) | (2,236) |
| Net Investment Income | 34,247 | 32,085 | 2,854 | 69,186 | 64,581 |
| Mortgage service fees | - | - | - | - | - |
| Pass-through subsidy revenue (Note 1) | - | - | - | - | - |
| Other income (Note 1) | 501 | 429 | 22 | 952 | 694 |
| Net Investment and Other Income | 34,748 | 32,514 | 2,876 | 70,138 | 65,275 |
| Direct loan program expense | 1,871 | 1,792 | 6 | 3,669 | 3,035 |
| Pass-through subsidy expense (Note 1) | - | - | - | - | - |
| Grants and services | - | - | - | - | - |
| General and administrative expenses | 2,544 | 2,468 | 204 | 5,216 | 5,073 |
| Total Expenses | 4,415 | 4,260 | 210 | 8,885 | 8,108 |
| Change in Net Position | 30,333 | 28,254 | 2,666 | 61,253 | 57,167 |
| Net Position, Beginning of Year | 119,721 | 195,435 | 13,767 | 328,923 | 271,756 |
| Transfers between programs (Note 1) | 6,553 | (1,119) | (6,387) | (953) | - |
| Net Position, End of Year | 156,607 | 222,570 | 10,046 | 389,223 | 328,923 |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Cash Flows - Home Ownership Mortgage Loan Program
### For the Year Ended June 30, 2020
### with comparative totals for the year ended June 30, 2019
**(Thousands of Dollars)**

| | Single Family Bonds | | | Total | |
|---|---|---|---|---|---|
| | 1987 | 1988 | 2009 | 2020 | 2019 |
| Cash Flows from Operating Activities: | | | | | |
| Cash received from interest on mortgage loans | 8,617 | 10,873 | - | 19,490 | 22,626 |
| Cash received from mortgage payments | 27,519 | 33,155 | - | 60,674 | 54,647 |
| Cash received from other fees and other income | 585 | 481 | 21 | 1,087 | 794 |
| Cash payments to purchase mortgage loans | (2,471) | (1,044) | - | (3,515) | 411 |
| Cash from escrow deposits, net | - | - | - | - | - |
| Cash payments to employees | (2,035) | (1,975) | (163) | (4,173) | (4,059) |
| Cash payments to vendors | (2,490) | (2,344) | (46) | (4,880) | (3,817) |
| Transfers between programs and change in interfunds | 6,599 | (1,151) | (6,349) | (901) | 229 |
| Net Cash Provided by (Used in) Operating Activities | 36,324 | 37,995 | (6,537) | 67,782 | 70,831 |
| Cash Flows from Non-Capital Financing Activities: | | | | | |
| Proceeds from issuance of bonds and notes | 232,228 | - | - | 232,228 | 297,394 |
| Repayments on bonds and notes | (41,610) | (50,985) | (34,957) | (127,552) | (84,187) |
| Interest paid on bonds, notes and escrows | (12,766) | (17,661) | (2,950) | (33,377) | (26,975) |
| Bond issuance costs | (2,107) | - | - | (2,107) | (2,236) |
| Net Cash Provided by (Used in) Non-Capital Financing Activities | 175,745 | (68,646) | (37,907) | 69,192 | 183,996 |
| Cash Flows from Investing Activities: | | | | | |
| Purchases of investments | (249,012) | (20,417) | - | (269,429) | (314,891) |
| Proceeds from sales and maturities of investments | 57,601 | 79,387 | 41,177 | 178,165 | 62,511 |
| Investment interest received | 12,820 | 19,755 | 3,630 | 36,205 | 28,363 |
| Net Cash Provided by (Used in) Investing Activities | (178,591) | 78,725 | 44,807 | (55,059) | (224,017) |
| Cash Flows from Capital Financing Activities: | | | | | |
| Purchases of capital assets, net of sales | - | - | - | - | - |
| Net Cash Provided by Capital Financing Activities | - | - | - | - | - |
| Net Increase in Cash and Cash Equivalents | 33,478 | 48,074 | 363 | 81,915 | 30,810 |
| Cash and Cash Equivalents, Beginning of Year | 58,484 | 78,115 | 4,813 | 141,412 | 110,602 |
| Cash and Cash Equivalents, End of Year | 91,962 | 126,189 | 5,176 | 223,327 | 141,412 |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Cash Flows - Home Ownership Mortgage Loan Program
### For the Year Ended June 30, 2020
### with comparative totals for the year ended June 30, 2019
**(Thousands of Dollars)**

| | Single Family Bonds | | | Total | |
|---|---|---|---|---|---|
| | 1987 | 1988 | 2009 | 2020 | 2019 |
| Reconciliation of Change in Net Position to Net Cash Provided by | | | | | |
| Operating Activities: | | | | | |
| Change in Net Position | 30,333 | 28,254 | 2,666 | 61,253 | 57,167 |
| Adjustments to Reconcile Change in Net Position to Net Cash Provided by | | | | | |
| (Used in) Operating Activities: | | | | | |
| Net increase in fair value of investments | | | | | |
| and mortgage-backed securities | (26,680) | (17,343) | (2,053) | (46,076) | (39,593) |
| Provision for loan loss | - | - | - | - | 24 |
| Interest expense | 11,978 | 15,318 | 2,692 | 29,988 | 24,250 |
| Income on investments and mortgage backed securities | (13,255) | (19,449) | (3,493) | (36,197) | (29,294) |
| Depreciation and amortization | - | - | - | - | - |
| Decrease in mortgage loans | | | | | |
| receivable and real estate held | 25,048 | 32,111 | - | 57,159 | 55,034 |
| Other | 8,900 | (896) | (6,349) | 1,655 | 3,243 |
| Net Cash Provided by (Used in) Operating Activities | 36,324 | 37,995 | (6,537) | 67,782 | 70,831 |