Statements of Net Position - Comparative Fiscal Year 2023

The following condensed statements of net position show a summary of changes, in dollars and percentages, between fiscal years ended June 30, 2023 and 2022. The Authority reported a change in net position of $15.7 million for the year ended June 30, 2023

Wisconsin Housing and Economic Development Authority
Statements of Net Position
June 30, 2023 and 2022
(Millions of Dollars)

			Increase / (Decrease)	
	2023	**2022**	**Amount**	**%**
Cash and cash equivalents	$575.8	$631.3	($55.5)	(8.8)
Mortgage loans and interest receivable	1,241.1	1,126.1	115.0	10.2
Mortgage-backed security investments and interest receivable	1,001.7	971.0	30.7	3.2
Investments and interest receivable	189.4	154.4	35.0	22.7
Net pension asset	0.0	5.9	(5.9)	(100.0)
Other assets	63.0	51.7	11.3	21.9
Total Assets	3,071.0	2,940.4	130.6	4.4
Accumulated decrease in fair value of hedging	2.6	5.9	(3.3)	(55.9)
Deferred outflow of resources – pension	13.9	11.0	2.9	26.4
Deferred outflow of resources – OPEB	1.5	1.5	0.0	0.0
Total Deferred Outflow of Resources	18.0	18.4	(0.4)	(2.2)
Accrued interest payable	12.7	12.0	0.7	5.8
Bonds and notes payable	1,966.5	1,886.9	79.6	4.2
Interest Rate Swap Agreements	2.6	5.9	(3.3)	(55.9)
Net Pension liability	3.8	0.0	3.8	-
Net OPEB liability	1.8	2.4	(0.6)	(25.0)
Other liabilities	179.2	151.8	27.4	18.1
Total Liabilities	2,166.6	2,059.0	107.6	5.2
Accumulated change in fair value of hedging derivatives	22.4	10.4	12.0	115.4
Deferred inflow of resources – pension	8.0	13.9	(5.9)	(42.4)
Deferred inflow of resources – OPEB	1.9	1.1	0.8	72.7
	32.3	25.4	6.9	27.2
Net investment in capital assets	17.1	17.9	(0.8)	(4.5)
Restricted by bond resolutions	527.2	539.5	(12.3)	(2.3)
Restricted by contractual agreements	327.1	299.9	27.2	9.1
Unrestricted	18.7	17.1	1.6	9.4
Total Net Position	$890.1	$874.4	$15.7	1.8

Schedule may not foot due to rounding.

The Authority's total asset balance grew $130.6 million during fiscal 2023, to end at $3.1 billion. Both the mortgage-backed security and mortgage portfolios experienced growth during fiscal year 2023 as well. While Single Family fundings were down $52.8 million or 18.34%, prepayments dropped by $172.0 million or 67.0%. Multifamily fundings rose by 51.5% or $80.3 million and prepayments remained relatively flat.

The Mortgage loans and interest receivable portfolio ended the fiscal year at $1.2 billion which represented a $115.0 million or 10.2% increase over fiscal year 2022. Mortgage-backed security investments rose $30.7 million to end the year at $1.0 billion. The combined portfolio balance of $2.2 billion reflects an increase of $145.7 million or 6.9%.

Liabilities ended the year at $2.2 billion, which represents a $107.6 million increase over fiscal 2022. The change was driven primarily by new bonds that were issued to finance both Single Family First Time Home Buyer (FTHB) mortgages and Multifamily loans. There was one Single Family bond issue in fiscal year 2023 totaling $74.9 million. In the Multifamily program, new bond issues totaled $225.5 million. Proceeds were used to fund new loans in both lines of business.

Overall, net position increased $15.7 million during fiscal year 2023. 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 2023 are as follows: ($24.1) million in Single Family bond resolutions, $11.9 million in Multifamily Bond and Housing Revenue bond resolutions, $27.2 million in the General Fund (including subsidiary change in net position) and $708,000 in State of Wisconsin Programs.

Statements of Revenues, Expenses and Change in Net Position – Comparative Fiscal Year 2023

The Authority reported a change in net position of $15.7 million for the fiscal year ended June 30, 2023. The following table summarizes the Statements of Revenues, Expenses and Change in Net Position of the Authority for the fiscal years ended June 30, 2023 and 2022.

Wisconsin Housing and Economic Development Authority
Statements of Revenues, Expenses and Change in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022
(Millions of Dollars)

			Favorable/ (Unfavorable)	
	2023	**2022**	**Amount**	**%**
Mortgage income	$59.9	$57.1	$2.8	4.9
Mortgage-backed investment income (net)	(11.9)	(99.1)	87.2	88.0
Investment income (net)	24.8	5.7	19.1	335.1
Interest expense and debt financing costs	(51.2)	(46.3)	(4.9)	(10.6)
Net Interest Income	21.6	(82.6)	104.2	126.2
Mortgage service fees	8.4	8.0	0.4	5.0
Pass-through subsidy revenue	212.8	203.9	8.9	4.4
Grant Income	11.5	4.6	6.9	150.0
Other	17.0	16.7	0.3	1.8
Net Interest And Other Income	271.3	150.6	120.7	80.1
Direct loan program expense	13.3	10.3	(3.0)	(29.1)
Pass-through subsidy expense	212.8	203.9	(8.9)	(4.4)
Grants and services	2.7	1.2	(1.5)	(125.0)
General and administrative expenses	26.7	22.8	(3.9)	(17.1)
Other expense	0.1	0.1	0.0	0.0
Change in Net Position	15.7	(87.7)	103.4	(117.9)
Net Position, Beginning of Year	874.4	962.1	(87.7)	(9.1)
Net Position, End of Year	$890.1	$874.4	$15.7	1.8

Schedule may not foot due to rounding

Net Interest Income increased 126.2% or $104.2 million during fiscal 2023, ending the year at $21.6 million. Both the mortgage-backed securities and traditional mortgage portfolios grew during the year. Prepayment levels dropped off sharply due to a significant increase in interest rates. *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 2023 was a write-down of $43.8 million which when compared to the write-down of $129.2 million in the prior fiscal year explains much of the change in net income. While the Authority doesn't intend to actually realize these losses, the adjustment can lead to significant swings in the recorded value of the portfolio.

Direct loan program expense increased by 29.1% or $3.0 million during 2023. A significant increase in the loan loss provision was the primary contributing factor to the increase in expenses in this area during the year.

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