REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

WASHINGTON STATE HOUSING FINANCE COMMISSION

June 30, 2021 and 2020

MOSSADAMS

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Report of Independent Auditors

To the Board of Commissioners
Washington State Housing Finance Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the Washington State Housing Finance Commission, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Washington State Housing Finance Commission as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3–11 and the schedules of proportionate share of net pension liability, schedule of contributions, and schedule of proportionate share of OPEB liability on page 45 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.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements. The supplemental schedules of program net position, program revenues, expenses, and changes in program net position, program cash flows and notes and bonds payable on pages 46 through 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules of program net position, program revenues, expenses, and changes in program net position, program cash flows and notes and bonds payable are fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Seattle, Washington
November 22, 2021

As management of the Washington State Housing Finance Commission (the Commission, we, or our), we offer readers of the Commission's financial statements this narrative overview and analysis of our financial activities for the year ended June 30, 2021. This overview and analysis is required by accounting principles generally accepted in the United States of America for governmental entities.

FINANCIAL HIGHLIGHTS

During the fiscal year ended, or as of June 30, 2021 (FY 2021):

Net position increased $117.2 million to $810.5 million primarily due to the $114.4 million increase in net position of Program-Related Investments (PRI). The increase in the PRI resulted from an excess of revenues over expenses totaling $79.2 million, mostly from the down payment assistance revenues from Homeownership's Home Advantage daily-priced mortgage program (Home Advantage) coupled with the operating transfer from the General Operating Fund (GOF) of $35.0 million.

During the fiscal year, cash, cash equivalents, and investments increased by $271.9 million due to proceeds from loans related to the multifamily recycling program ($112.3 million) coupled with PRI fee revenue and mortgage loan repayments, and other receipts. Mortgage loans increased by $37.0 million as new loans were issued through PRI. Assets and deferred outflows of resources increased by $205.5 million, largely due to these factors.

Total bonds payable of $565.1 million were outstanding, net of premiums and discounts, $51.1 million below the prior year balance. This decrease resulted from the net issuance of bonds ($111.9 million) and the net payment of principal ($163.0 million).

PRI and GOF program fees and grant revenue increased by $16.4 million due primarily to an increase in program fees associated with Home Advantage as average loan amount increased nearly 10% year over year. Bond program revenues (mortgage interest, unrealized loss on mortgage-backed securities (MBS), investment earnings and other) decreased by $37.3 million due to a $35.1 million net decrease in the unrealized gain on MBSs and decreased interest revenue from a lower balance of MBSs.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: Management's Discussion and Analysis, the financial statements, and the notes to the financial statements. The basic financial statements include the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows. The financial statements are presented in a manner similar to that of a private business using the economic resources measurement focus and the accrual basis of accounting.

The financial statements report information for all Commission programs and operations. The statements of net position include all Commission assets, liabilities and deferred inflows and outflows of resources. All revenues and expenses of the Commission are accounted for in the statements of revenues, expenses, and changes in net position. Program financial statements are presented as supplemental schedules. These schedules separate the financial statements into General Operating Fund, Program-Related Investments, and Bond Fund.

Economic Outlook

During the fiscal year, the 10-year Treasury note yield, the benchmark often used to price mortgage rates, rebounded to 1.45% on June 30, 2021 from its June 30, 2020 rate of 0.66%. The extremely low rate in 2020 was influenced by the market's uncertainty early in the COVID-19 pandemic. Despite the increase in that yield, average 30-year mortgages rates which typically follow it fell slightly year over year to about 3.02% from 3.13%. These continued low mortgage rates along with desire for more space by many people working from home due the pandemic encouraged many first-time homebuyers to enter the market. A tight supply of Single-family homes exacerbated largely by these factors resulted in significant house price increases, making purchases by the Commission's low- to moderate-income target customers more difficult. According to the S&P CoreLogic Case-Schiller U.S. National Home Price Index, home prices increased 19.7% nationally year-over-year, while Seattle had the third highest increase in the country, 25%, during the year.

Home loans purchased in the Home Advantage program, which uses traditional, taxable mortgage funding, were 8,212 down 9.3% from the record number in fiscal year 2020. The dollar value of the loans purchased was $2.6 billion, down only 0.9% from the prior year due to a higher average loan amount. We generated $100.0 million in lendable proceeds for our House Key Opportunity program through the issuance of tax-exempt bonds. The program targets first-time homebuyers in lower-income households, generally providing a lower interest rate and additional down payment options.

Demand for the 9% Low-Income Housing Tax Credit (LIHTC) for Multifamily housing continues to significantly outstrip supply. Therefore, many developers of affordable housing are using the 4% LIHTC program in conjunction with tax-exempt bonds. That program is constrained by the amount of private-activity bond volume cap available for such projects and has recently been two to three times oversubscribed.

Short-term interest rates represented by 1-month LIBOR, remained at the low level of 0.10% on June 30, 2021, the same as it was the prior year. This index is used to evaluate the cost of variable-rate debt and correlates to rates earned on short-term investments. The effect of the COVID-19 pandemic has continued longer than initially anticipated contributing to the ongoing low rates. Based upon indications of the Federal Reserve Board (the Fed), we believe interest rates will remain at or near historically low levels for the next few years, although inflation has recently increased above their target for a few months. Any uptick in short-term rates would increase the carrying cost of the Commission's unhedged variable-rate debt in its Single-family program. However, there would be an offsetting increase in the return on the Commission's short-term investments effectively creating a natural interest-rate hedge. We do not expect a significant effect on the Commission's conduit bond production.

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Net Position

The following table summarizes the changes in assets and deferred outflows of resources, liabilities, deferred inflows of resources, and net position between June 30, 2021 and 2020, (in millions):

	2021	2020	Change	
Assets				
Cash and cash equivalents	$ 497.5	$ 287.2	$ 210.3	73.2%
Investments	132.9	71.3	61.6	86.4
Accrued interest receivable	3.6	3.6	-	--
Fees receivable, net	11.8	6.0	5.8	96.7
Other receivables	1.8	3.2	(1.4)	(43.8)
Mortgage-backed securities, fair value	574.3	681.3	(107.0)	(15.7)
Mortgage loans, net	436.6	399.6	37.0	9.3
Prepaid fees and other	0.5	0.5	-	--
Total assets	1,659.0	1,452.7	206.3	14.2
Deferred outflows of resources	3.5	4.3	(0.8)	(18.6)
Total assets and deferred outflows of resources	$ 1,662.5	$ 1,457.0	$ 205.5	14.1%

	2021	2020	Change	
Liabilities				
Accounts payable and other liabilities	$ 77.9	$ 60.2	$ 17.7	29.4%
Accrued interest payable	1.4	1.8	(0.4)	(22.2)
Unearned revenue and other	15.2	8.7	6.5	74.7
Derivative instrument - interest rate swap	1.9	2.9	(1.0)	-
Notes payable	187.3	70.7	116.6	100.0
Bonds and notes payable, net	565.1	616.2	(51.1)	(8.3)
Total liabilities	848.8	760.5	88.3	11.6
Deferred inflows of resources	3.2	3.2	-	-
Net position				
Restricted				
Bond operations	168.5	166.6	1.9	1.1
Grants and donations to PRI	0.9	0.9	-	-
Net investment in capital assets	0.1	0.1	-	-
Unrestricted				
General operations	24.0	23.2	0.8	3.4
Housing Washington	0.5	0.4	0.1	25.0
Program-Related Investments	616.5	502.1	114.4	22.8
Total net position	810.5	693.3	117.2	16.9
Total liabilities, deferred inflows of resources, and net position	$ 1,662.5	$ 1,457.0	$ 205.5	14.1%

FINANCIAL ANALYSIS OF THE COMMISSION (continued)

Cash, cash equivalents, and investments increased by $271.9 million, while MBSs and mortgage loans outstanding decreased by $70.0 million over the prior year. These are the primary components of an increase in assets of $205.5 million. The increase in the bonds and notes payable of $65.5 million is due to an increase of the fully collateralized loan required for the multifamily recycling program, offset by a decrease in Single-family bonds outstanding.

The net position of the Commission increased $117.2 from the June 30, 2020 amount. This increase resulted from the net operating income, before contributions and distributions, across all funds.

The net position of the Bond Fund is classified as restricted because trust indentures direct the use of the funds. The Commission has designated its remaining net position to a General Operating Fund and to Program-Related Investments.

The General Operating Fund net position is a reserve to protect the Commission from future uncertainty. With the reserve in place, the Commission is positioned to meet its future, long-term project monitoring commitments and to independently meet unforeseen fiscal or legal challenges.

The Commission has also designated a net position for Program-Related Investments. Investments target strategic, higher-risk programs that support the financing and production of housing for low-income and special populations as well as facilities used to provide community services primarily to low-income persons. These investments complement, supplement, and enhance other Commission programs and have been a catalyst to generate $34.6 million in investments and donations by partners who wish to support the program purpose. The Commission manages and deploys those funds in addition to its own.

Statements of Revenues, Expenses, and Changes in Net Position

The following table summarizes the changes in revenues and expenses between 2021 and 2020, (in millions):

	2021		2020		Change		
Revenues							
Bond programs mortgage interest	$	21.4	$	23.0	$	(1.6)	(7.0%)
Bond programs investments and other income		2.5		3.8		(1.3)	(34.2)
Bond program gain on mortgage-backed securities		(10.4)		24.7		(35.1)	(142.1)
Other bond fees		1.1		0.4		0.7	175.0
Program fees and grants		138.3		118.2		20.1	17.0
General operating fund interest income		0.2		3.5		(3.3)	(94.3)
Total revenues	$	153.1	$	173.6	$	(20.5)	(11.8%)
Expenses							
Bond programs interest expense	$	18.5	$	19.6	$	(1.1)	(5.6%)
Other bond programs expenses		1.1		1.6		(0.5)	(31.3)
Salaries and wages		8.8		9.5		(0.7)	(7.4)
Other general operating fund and Program-Related Investments expenses		7.5		7.4		0.1	1.4
Total expenses	$	35.9	$	38.1	$	(2.2)	(5.8%)
Return remaining contribution for closed program		-		(0.1)		0.1	NA
Change in net position	$	117.2	$	135.4	$	(18.2)	(13.4%)

The primary components of total revenues for the bond fund are mortgage-related interest earnings and the unrealized gain (loss) on MBSs. Bond interest expense is the primary component of total expense for the bond fund. Commission revenues in the General Operating and PRI Funds are mostly generated from issuer fees and the premium generated from Home Advantage mortgage-backed security sales. During fiscal year 2020, the Commission's General Operating Fund revenue and expense included $3.7 million of housing counseling and foreclosure relief funds grants which were passed-through to qualifying counseling agencies.

DEBT ADMINISTRATION

The Commission has long-term debt obligations of $565.1 million, net of bond premium and discounts, and short-term notes payable of $187.3 million, at June 30, 2021. A trustee or paying agent administers monetary activities and holds all monies in the Commission's Bond Fund. They ensure that bond resolution requirements are met, including payments of debt service and funding of necessary reserves. At June 30, 2021, amounts held by the trustees and paying agents represent full funding of these requirements.

Most of the debt of the Commission is tax-exempt, issued under the Internal Revenue Code and Treasury Regulations. The Federal Tax Reform Act of 1986 imposes an annual cap on the aggregate amount of federally tax-exempt private activity bonds. Our Single-family Homeownership program relies on private activity bonds subject to this volume cap. We may also issue taxable debt to supplement our tax-exempt authority and for lending where program requirements are inconsistent with federal restrictions.

The Commission also issues bonds on behalf of multi-family housing developers and not-for-profit organizations. However, the bonds issued under these programs meet the definition of conduit debt obligations for which we have not extended any additional commitments for debt service payments beyond the collateral and payments received from the underlying mortgages. As of June 30, 2021, such bonds have an aggregate outstanding principal amount payable of $6.4 billion. Because these bonds are considered conduit bonds, in accordance with accounting standards generally accepted in the United States of America, the Commission does not include the assets, liabilities, and related activities for these obligations. For additional information see Notes 2 and 6.

The Commissioners have adopted policies that govern the process followed to issue debt. We issue bonds in the Single-family Homeownership Program to purchase MBSs backed by Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae), or Federal Home Loan Mortgage Corporation (Freddie Mac). These securities carry a credit rating agency rating equal to that of the United States.

The Commission evaluates and uses available debt management techniques to achieve our goals of reducing interest expense and preserving the maximum amount of bonding authority in the Single-family Homeownership Program. In implementing these practices, we often retire higher interest rate debt when opportunities for economic refunding occur.

The Revised Code of Washington Section 43.180.160 limits the Commission's outstanding debt to eight billion dollars. We have no general obligation bonds and do not currently have an issuer credit rating.

Net bonds and notes payable as of June 30, 2021, was $752.4 million, an increase of about $65.5 million from 2020. Changes enumerated by program are summarized in the following table (in millions):

	2020	Issued	Redeemed	Changes	2021
Single-family	$ 564.3	$ 111.9	$ 133.6	$ (21.7)	$ 542.6
Home ownership (NIPB)	51.9	-	29.4	(29.4)	22.5
Short-term notes payable	70.7	363.6	247.0	116.6	187.3
	$ 686.9	$ 475.5	$ 410.0	$ 65.5	$ 752.4

COMPARISON OF FISCAL YEAR 2020 WITH 2019

Statements of Net Position

The following table summarizes the changes in combined adjusted net position between June 30, 2020 and 2019, (in millions):

	2020	2019	Change	
Assets				
Cash and cash equivalents	$ 287.2	$ 131.8	$ 155.4	117.9%
Investments	71.3	132.3	(61.0)	(46.1)
Accrued interest receivable	3.6	3.9	(0.3)	(7.7)
Fees receivable, net	6.0	8.7	(2.7)	(31.0)
Other receivables	3.2	0.9	2.3	255.6
Mortgage-backed securities, fair value	681.3	616.1	65.2	10.6
Mortgage loans, net	399.6	341.5	58.1	17.0
Prepaid fees and other	0.5	0.7	(0.2)	(28.6)
Total assets	1,452.7	1,235.9	216.8	17.5
Deferred outflows of resources	4.3	2.9	1.4	48.3
Total assets and deferred outflows of resources	$ 1,457.0	$ 1,238.8	$ 218.2	17.6%

	2020	2019	Change	
Liabilities				
Accounts payable and other liabilities	$ 60.1	$ 59.2	$ 1.0	1.7%
Accrued interest payable	1.8	1.8	-	-
Unearned revenue and other	8.7	9.1	(0.4)	(4.4)
Derivative instrument - interest rate swap	2.9	1.8	1.1	-
Project equity held for borrower	70.7	-	70.7	100.0
Bonds and notes payable, net	616.2	606.8	9.4	1.5
Total liabilities	760.4	678.7	81.7	12.1
Deferred inflows of resources	3.3	2.2	1.1	-
Net position				
Restricted				
Bond operations	166.6	130.5	36.1	27.7
Grants and donations to PRI	0.9	1.1	(0.2)	(18.2)
Net investment in capital assets	0.1	0.2	(0.1)	(50.0)
Unrestricted				
General operations	23.2	22.5	0.7	3.1
Housing Washington	0.4	0.4	-	-
Program-Related Investments	502.1	403.2	98.9	24.5
Total net position	693.3	557.9	135.4	24.3
Total liabilities, deferred inflows of resources, and net position	$ 1,457.0	$ 1,238.8	$ 218.2	17.6%

COMPARISON OF FISCAL YEAR 2020 WITH 2019 (continued)

The following summarizes the changes in revenues and expenses between fiscal years 2020 and 2019, (in millions):

	2020	2019	Change	
Revenues				
Bond programs mortgage interest	$ 23.0	$ 20.5	$ 2.5	12.2%
Bond programs investments and other income	3.8	2.6	1.2	46.2
Bond program gain (loss) on mortgage-backed securities	24.7	18.3	6.4	35.0
Other bond fees	0.4	1.5	(1.1)	(73.3)
Program fees and grants	118.2	91.3	26.9	29.5
General operating fund interest income	3.5	3.9	(0.4)	(10.3)
Total revenues	$ 173.6	$ 138.1	$ 35.5	25.7%
Expenses				
Bond programs interest expense	$ 19.6	$ 17.4	$ 2.2	12.6%
Other bond programs expenses	1.6	2.5	(0.9)	(36.0)
Salaries and wages	9.5	8.7	0.8	9.2
Other general operating fund and Program-Related Investments expenses	7.4	(0.2)	7.6	(3,800.0)
Total expenses	$ 38.1	$ 28.4	$ 9.7	34.2%
Return remaining contribution for closed program	(0.1)	-	(0.1)	NA
Change in net position	$ 135.4	$ 109.7	$ 25.7	23.4%

During the fiscal year ended June 30, 2020, the Commission's total assets increased by $216.8 million largely attributable to an increase in cash and cash equivalents, net MBSs, and mortgage loans.

The Commission's $135.4 million increase in net position resulted from the net operating income, before contributions and distributions of PRI, GOF, and the bond fund.

ADDITIONAL INFORMATION

Please direct questions and inquiries to the Senior Director of Finance or the Senior Controller at Washington State Housing Finance Commission, 1000 2nd Avenue, Suite 2700, Seattle, Washington 98104, or by telephone at 206-464-7139.

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	June 30, 2021	June 30, 2020
CASH AND CASH EQUIVALENTS	$ 497,479,516	$ 287,158,987
INVESTMENTS		
U.S. government and agencies securities	47,619,992	-
Investment agreements	85,321,065	71,347,495
	132,941,057	71,347,495
ACCRUED INTEREST RECEIVABLE	3,638,791	3,606,393
FEES RECEIVABLE, net	11,782,688	5,998,868
OTHER RECEIVABLES	1,788,020	3,186,571
MORTGAGE-BACKED SECURITIES, cost	541,003,456	637,513,468
Cumulative unrealized gain on mortgage-backed securities	33,312,653	43,765,579
MORTGAGE-BACKED SECURITIES, fair value	574,316,109	681,279,047
MORTGAGE LOANS, net	436,579,018	399,552,110
PREPAID FEES AND OTHER	498,719	514,236
TOTAL ASSETS	1,659,023,918	1,452,643,707
DEFERRED OUTFLOWS OF RESOURCES	3,452,856	4,294,417
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,662,476,774	$ 1,456,938,124

 See accompanying notes to financial statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	June 30, 2021	June 30, 2020
ACCOUNTS PAYABLE AND OTHER LIABILITIES	$ 77,880,055	$ 60,174,149
ACCRUED INTEREST PAYABLE	1,392,802	1,781,701
UNEARNED REVENUE AND OTHER	15,248,392	8,668,576
DERIVATIVE INSTRUMENT - INTEREST RATE SWAP	1,907,517	2,897,121
NOTES PAYABLE	187,306,788	70,675,039
BONDS PAYABLE		
Current interest bonds	498,220,000	541,995,000
Taxable bonds	56,281,928	64,794,841
Unamortized bond premium	10,614,772	9,437,581
	565,116,700	616,227,422
TOTAL LIABILITIES	848,852,254	760,424,008
DEFERRED INFLOWS OF RESOURCES	3,248,429	3,251,067
NET POSITION		
Restricted		
Bond operations	168,564,329	166,555,877
Grants and donations to Program-Related Investments	809,424	984,384
Net investment in capital assets	80,611	139,887
Unrestricted		
General operations	23,967,853	23,150,561
Housing Washington	473,047	373,946
Program-Related Investments	616,480,827	502,058,394
	810,376,091	693,263,049
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 1,662,476,774	$ 1,456,938,124

Washington State Housing Finance Commission
Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30, 2021	2020
REVENUES		
Interest earned on mortgage loans and mortgage-backed securities	$ 21,391,114	$ 22,961,823
Other interest and investment income	2,757,571	7,293,346
Unrealized gain (loss) on mortgage-backed securities	(10,452,926)	24,764,879
Other fee income	135,733,686	117,113,953
Nonoperating revenues - grants	3,696,435	1,473,316
	153,125,880	173,607,317
EXPENSES		
Interest on debt	18,518,909	19,619,289
Amortization of bond premium	(1,434,908)	(767,005)
Bond issuance costs	1,225,829	950,812
Servicing and commission fees	1,204,588	1,262,909
Salaries and wages	8,789,791	9,505,963
Communication and office expense	2,048,091	2,292,180
Professional fees	1,259,436	1,318,047
Trustee and paying agent fees	99,964	96,030
Other	604,703	2,376,803
Nonoperating expenses - grants	3,696,435	1,473,316
	36,012,838	38,128,344
EXCESS OF REVENUES OVER EXPENSES	117,113,042	135,478,973
RETURN REMAINING CONTRIBUTION FOR CLOSED PROGRAM	-	(98,312)
CHANGE IN NET POSITION	117,113,042	135,380,661
NET POSITION		
Balance, beginning of year	693,263,049	557,882,388
Balance, end of year	$ 810,376,091	$ 693,263,049

 See accompanying notes to financial statements.

	Years Ended June 30,	
	2021	2020
OPERATING ACTIVITIES		
Receipts for interest on mortgages	$ 21,493,556	$ 22,701,308
Receipts for other fee income	141,022,091	118,056,344
Receipts for loans and mortgage prepayments	245,051,035	131,733,288
Payments for acquisition of loans and mortgages	(170,919,301)	(231,807,198)
Payments for bond program expenses	(2,613,176)	(2,780,241)
Payments to employees and suppliers	(13,586,504)	(13,763,186)
Net cash from (used for) operating activities	220,447,701	24,140,315
INVESTING ACTIVITIES		
Purchase of investments	(1,127,973,031)	(823,689,618)
Sale of investments	1,066,379,471	884,678,901
Interest received on investments	2,773,827	7,952,252
Net cash from (used for) investing activities	(58,819,733)	68,941,535
NONCAPITAL FINANCING ACTIVITIES		
Return contribution for program closed	-	(98,312)
Proceeds from sale of bonds and notes	113,835,270	82,993,249
Proceeds from short-term loan	386,008,469	155,953,988
Repayments of collateralized loans	(269,376,720)	(85,278,949)
Interest paid on debt	(19,021,543)	(19,608,660)
Debt repayments	(162,752,915)	(71,635,497)
Net cash from (used for) capital financing activities	48,692,561	62,325,819
INCREASE IN CASH AND CASH EQUIVALENTS	210,320,529	155,407,669
CASH AND CASH EQUIVALENTS		
Beginning of year	287,158,987	131,751,318
End of year	$ 497,479,516	$ 287,158,987

Washington State Housing Finance Commission
Statements of Cash Flows (continued)

	Years Ended June 30, 2021	2020
RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO NET CASH USED FOR OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 117,113,042	$ 135,478,973
Adjustments to reconcile excess of revenues over expenses to net cash from operating activities:		
Amortization of mortgage discount	(256,743)	(203,463)
Amortization of mortgage premium	1,041	36
Amortization of bond premium	(1,434,908)	(767,005)
Acquisition of mortgage loans	(170,919,301)	(231,807,198)
Repayments of mortgage loans	245,051,035	131,733,288
Unrealized (gain) loss on securities	10,452,926	(24,764,879)
Cash from changes in operating assets and liabilities:		
Interest and other receivables	(6,953,278)	(2,023,620)
Interest and other payables	27,393,887	16,494,183
Net cash from (used for) operating activities	$ 220,447,701	$ 24,140,315

See accompanying notes to financial statements.

Note 1 – Description of Business

Organization – The Washington State Housing Finance Commission (the Commission, WSHFC, we, or our) was created in 1983 by the legislature of the State of Washington (the State) to "act as a financial conduit which, without using public funds or lending the credit of the state or local government, can issue nonrecourse revenue bonds and participate in federal, state, and local housing programs thereby making additional funds available at affordable rates to help provide housing throughout the state." The state legislature later authorized the Commission to issue bonds to finance or refinance nursing homes and capital facilities owned and operated by nonprofit corporations, beginning farmers/ranchers, sustainable energy and energy efficiency retrofit programs. Our debt limit is eight billion dollars.

The Commission has eleven voting members. Two commissioners, the state treasurer and the director of the Department of Commerce, serve ex officio. The chair of the Commission is appointed by and serves at the pleasure of the governor. The governor appoints the remaining eight members to four-year terms, subject to confirmation by the Washington State Senate.

The Commission is legally separate from the State and does not impose a financial burden on, nor accrue any financial benefit to, the State. Legal restrictions on the Washington State legislature's ability to impose its will on the Commission and the inability of the governor to remove the majority of the voting members of the Commission prevent the State from being considered to be financially accountable for the Commission. However, in the State's Annual Comprehensive Financial Report (ACFR), the Commission is presented as a discrete component unit of the State.

Program funds – The Commission summarizes its financial activities in the General Operating Fund, Program-Related Investments, and Bond Fund.

General Operating Fund – The General Operating Fund accounts for the fiscal activities related to the administration of our ongoing program responsibilities. Revenues are derived primarily from fees earned on bond issues, homeownership daily pricing program, housing tax credit allocations, and compliance monitoring, as well as interest income on General Operating Fund and Program-Related Investments. Except for certain pass-through grants and loans, all funds we receive are generated by our activities and are not direct appropriations from the State.

The Commission adopted a General Operating Fund Reserve Policy ("Reserve Policy") in 1989. General reserves provide income to fund current operations, help to ensure a sufficient, long-term revenue stream so we can remain independent of State funds and safeguard our ability to meet future legal and program obligations. Earnings above the reserve requirements are generally transferred to Program-Related Investments at the direction of the Commissioners, except for a portion of earnings on the homeownership daily pricing program which are transferred to the Single-family Indenture.

Effective June 30, 2019, our Reserve Policy requires that we maintain general reserves of $30 million based upon capital adequacy analyses, net of the impact of any deferred pension liability as required by Governmental Accounting Standards Board (GASB) No. 68 and, effective July 1, 2017, any deferred other postemployment benefit (OPEB) liability as required by GASB No. 75. Therefore, the reserves reflect $24.0 million and $23.3 million, respectively, for the years ending June 30, 2021 and 2020.

Note 1 – Description of Business (continued)

Program-Related Investments – The Reserve Policy dedicates the use of reserves above those needed in the General Operating Fund for Program-Related Investments (the PRI). We strategically invest the PRI in programs that support our activities such as the financing and production of low-income and special needs housing and facilities that provide community services. Investments also include resources provided by other funders for use in established down payment assistance and other programs in which our missions align. Revenues include interest on these investments and down payment assistance fees associated with the homeownership daily pricing program.

Bond Fund – A Trust, Funding Agreement, or Financing Agreement dictates the terms of each bond transaction. We record these activities in the Bond Fund and further separate them by program type as follows:

Single-family Homeownership Program – Transactions in this program are from the sale of Single-family Homeownership Program mortgage revenue bonds, the purchase of mortgage-backed securities (MBS) of our pooled loans and the related debt service transactions on the bonds. There are three program indentures, each of which contains multiple series indentures: the General (Single-family) Indenture; the Homeownership Bond Program (NIBP) Indenture; and the Special Single-family Program Indenture. Each indenture is a special obligation of the Commission, payable solely from the bond funds established pursuant to the indenture. Debt service comes from payments received on the MBS pools and from any other money held in the trust estate by the bond trustee. Assets of the indentures are pledged as collateral for the debt and are $673.1 million and $730.7 million as of June 30, 2021 and 2020, respectively. We loan proceeds of this program to first-time homebuyers whose income does not exceed established limits. Mortgage rates for these programs range from 2.00% to 7.45%.

The supplemental schedules of program net position, results of program revenues, expenses, and changes in program net position, and program cash flows combines the results of the General (Single-family) and the Special Single-family Program.

Conduit Financing Programs – all other bonds and debt instruments that we issue are conduit debt, i.e., limited-obligation bonds issued for the express purpose of providing financing for a specific third party that is not a part of the financial reporting entity. Bonds are issued for Multifamily Housing, Beginning Farmers/Ranchers, Energy Efficiency and Nonprofit Housing and Facilities. Financing proceeds for the Conduit Financing Programs are used to purchase qualified mortgages or MBSs from mortgage lenders. The issuer of the MBSs, the mortgagor, the letter of credit provider or the lender will pay the bond trustee principal and interest in amounts calculated to meet periodic debt service payments on the bonds. Conduit debt securities bear the name of the Commission. However, we have no obligation for payment of such debt beyond the resources provided by the loan with the third-party beneficiary.

Underwriters sell bonds in the capital market, or we privately place them with a sophisticated investor such as a financial institution. However, as of fiscal years ending June 30, 2021 and 2020, all bonds and related debt instruments under these programs meet the accounting standard definition of conduit debt obligations and, as such, are not included in our financial statements. Additional information regarding the conduit debt obligations is included in Note 6.

Note 2 – Summary of Significant Accounting Policies

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. We have applied all applicable GASB pronouncements. The remainder of this note describes our more significant accounting policies.

Measurement focus and basis of accounting – We use the flow of economic resources measurement as the focus of our accounting of transactions. With this measurement focus, the statement of net position reflects all assets, deferred inflows and outflows of resources and all liabilities associated with our operations. The statement of revenues, expenses, and changes in net position for all funds present increases (e.g., revenues) and decreases (e.g., expenses) in our net total position. We use the accrual basis of accounting, recording revenue when earned and expenses when we incur the liability.

Unclassified statement of net position – Our business cycle is greater than one year. As such, all assets and liabilities on the statement of net position are shown as unclassified.

Cash and cash equivalents – The Commission considers all highly liquid, interest-bearing instruments purchased with an original maturity of three months or less to be cash and cash equivalents. While the cash deposits in the Multifamily Recycling program are held exclusively in the Local Government Investment Pool, other cash deposits held in the Bond Fund are held in the corporate trust departments of commercial banks in the bond issue's name. As of June 30, 2021 and 2020, they held $155.1 million and $143.1 million, respectively, in uncollateralized or uninsured cash equivalents in the bond fund, primarily in government money market funds. Cash deposits of the General Operating Fund and Program-Related Investment Funds are covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments – We categorize investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy uses valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments are reported at fair value, unless they meet an exception as outlined under accounting standards generally accepted in the United States of America.

An asset management company manages some of our investments in the General Operating and Program-Related Investment Funds. Our investments include marketable securities issued or guaranteed by the U.S. government. We determine and record fair value based on quoted market prices as of June 30, 2021 and 2020.

Investments in the Bond Fund at June 30, 2021, and June 30, 2020 were short term repurchase agreements. For additional information regarding investments, see Note 3.

Note 2 – Summary of Significant Accounting Policies (continued)

Mortgage-backed securities – Mortgage-backed securities are presented at their fair value based on quoted market prices as of June 30, 2021 and 2020.

Mortgage loans – Mortgage loans are stated at their unpaid principal balance, net of interfund loans and the allowance for loan losses.

Provision for loan losses – The provision for loan losses is estimated for each fund.

General Operating Fund – Most fees in the General Operating Fund are billed and collected in advance, so no provision for loss is deemed to be necessary.

Program-Related Investments – We estimate losses on our loans in Program-Related Investments based on its past loan loss experience, known and inherent risks in the portfolio and current economic conditions. The allowance for loan losses is increased by charges to expense and decreased by charge-offs (net of recoveries). The loan loss reserve was $13,509,206 and $12,902,133 as of June 30, 2021 and 2020, respectively. No provision for loss is made on loan balances funded by partner investments because the Commission does not guarantee return of those investments.

Bond Fund – We purchase MBSs with the proceeds of non-recourse revenue bonds payable solely from the assets specifically pledged under the trust indenture for the bonds. No assets of the Commission, other than those assets held under such trust indentures, are pledged to the payment of the bonds. We do not reserve for loan loss provisions because the assets held by all the outstanding Single-family Homeownership Program indentures are MBSs guaranteed by Fannie Mae, Ginnie Mae, or Freddie Mac.

Other assets – Furniture, fixtures, equipment and leasehold improvements are accounted for in the General Operating Fund and are stated at cost, less accumulated depreciation and amortization. Our policy is to capitalize assets with a cost of $5,000 or more. Depreciation and amortization are charged to current operations on the straight-line method over the estimated useful lives of the assets, generally between three and ten years. See Note 5 for additional information concerning furniture, fixtures and equipment.

Unearned revenue – Unearned revenue represents the unearned portion of the Commission's bond fees, tax credit reservation fees, and compliance monitoring fees that are received in advance. We record these fees when earned as other fee income on the statement of revenues, expenses and changes in net position.

Note 2 – Summary of Significant Accounting Policies (continued)

Interfund transfers and balances for Single-family program liquidity management – Interfund transfers may be completed for short-term program purposes and are considered loans to and from the impacted funds. At fiscal year-end, we record any balance as an interfund loan in the corresponding fund.

During the fiscal years ending June 30, 2021, and June 30, 2020, the Commission supported its Home Advantage program's Master Servicer by purchasing and holding certain loans for a short time until pooled into MBSs. Resources used from the Single-family Program fund and the PRI were in excess of those needed for program purposes. Balances remaining outstanding are as follows:

At June 30, 2021	Single-family Bond Program	Program-Related Investments	Total
Interfund loans receivable (payable)	$ (40,000,000)	$ 40,000,000	$ -

At June 30, 2020	Single-family Bond Program	Program-Related Investments	Total
Interfund loans receivable (payable)	$ (55,000,000)	$ 55,000,000	$ -

Deferred outflow and inflow of resources – Deferred outflows of resources represent consumption of resources that are applicable to future reporting periods and deferred inflows of resources represent acquisition of resources that are applicable to future reporting periods. Deferred outflow of resources represents the year-end estimated fair value of the Commission's derivative instruments as of June 30 and the value of pension and OPEB contributions made during the fiscal year, which is after the liability measurement date. The difference between actuarial projected and actual earnings on pension plan assets are represented as deferred outflows (inflows) of resources. For additional information regarding the derivative, see Note 6 and regarding pension liability, OPEB and the related deferred outflows and inflows of resources, see Note 8.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, and information about the fiduciary net position of the Public Employees' Retirement System (PERS) of the State of Washington and additions to or deductions from PERS's fiduciary net position have been determined on the same basis as PERS reports them.

Other postemployment benefits – For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources, and expense related to OPEB, and information about any changes in the liability have been determined on the same basis as reported by the Office of Financial Management (OFM) of the State of Washington.

Note 2 – Summary of Significant Accounting Policies (continued)

Conduit debt obligations – Conduit debt obligations are defined as debt instruments where:

1. The Commission, as the issuer, is joined by an unrelated third-party obligor, and a debt holder or trustee.
2. The debt obligation is neither a parity bond of the Commission nor is it cross collateralized with other debt of the Commission.
3. Debt proceeds are intended and received by a party other than the Commission or the third-party obligor; and
4. The Commission is not primarily obligated for the debt service payments.

Prior to debt issuance the Commission determines if the debt obligation meets this definition. Debt issued that meets the definition of a conduit debt obligation are reportable in note disclosure (see Note 6).

The assets, liabilities and related activities of all other bonds are included in our financial statements.

Bonds payable – Current interest serial and term bonds are stated at their principal amounts outstanding, net of unamortized bond premium and discount, if any. Certain bonds are variable rate bonds remarketed on a periodic basis and are subject to market rate fluctuation.

Unamortized bond premium and unamortized bond discount – Unamortized bond premium and unamortized bond discounts are amortized using the bonds outstanding method.

Bond issuance costs – Bond issuance costs, including underwriter's fees, are expensed at issuance.

Compensated absences – Permanent employees of the Commission earn annual leave, sick leave and may earn compensatory leave or exchange time. Annual leave is earned based on length of service, and an employee may accumulate a maximum of 240 hours. An employee receives compensation for their unused annual leave upon termination. Employees earn eight hours of sick leave per month. Employees receive 25% of the value of accrued sick leave upon retirement or death. Non-exempt work period employees earn compensatory time at the rate of time-and-one-half for more than 40 hours worked in a week, with a maximum accrual of 240 hours. Employees classified as exempt work period employees may earn exchange time for actual time worked beyond their work schedule, up to a maximum of 174 hours. Upon separation or transfer to another agency, the employee may use accumulated, authorized compensatory time to postpone his/her cessation of employment. In consideration of these factors, the Commission accrues all costs associated with compensated absences and 25% of sick leave, including an allowance for payroll taxes.

Net position – We classify net position into three components:

Restricted net position has constraints placed on use by external parties such as creditors, grants, laws or regulations.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. We do not hold any debt related to capital assets.

Unrestricted net position consists of the remaining assets and liabilities.

Note 2 – Summary of Significant Accounting Policies (continued)

Revenue recognition – We recognize revenue on an accrual basis. The primary source of our revenue is fee income generated on our program activities. We earn fees on bond issues, compliance monitoring, and the sale of MBSs originated in the Home Advantage Program. We record these as fee income on the statement of revenues, expenses and changes in net position and allocate them to the Bond Fund, General Operating Fund, and Program-Related Investments. Fee income by category for the years ended June 30:

	2021	2020
Commission fees	$ 16,757,481	$ 15,392,115
HomeOwnership Program fees	105,210,612	91,747,766
Other program fees	9,741,830	7,961,007
Other income	4,023,763	2,013,065
	$ 135,733,686	$ 117,113,953

In addition, we earn interest on mortgage loans outstanding, MBSs and other investments.

Income taxes – The Commission, as an instrumentality of the state of Washington, is exempt from federal and state income taxes. Accordingly, no provision for income taxes is necessary.

Arbitrage rebate – We utilize an independent valuation specialist to calculate arbitrage earnings. We accrue any liability and make required payments to the United States Department of the Treasury.

Use of estimates – The preparation of the statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. We use estimates in determining the allowance for doubtful accounts, valuation of certain investments, valuation of interest rate swap, arbitrage rebate liability, loan loss provisions, accrued sick leave and other contingencies. Actual results may differ from those estimates.

Risks and uncertainties – We are authorized to invest in securities and loans that are exposed to interest rate, market, credit and/or other risks. It is possible that changes in the values of these assets will occur in the near term, and those changes could subsequently affect the amounts reported in the statement of net position.

Note 3 – Cash, Cash Equivalents, and Investments

General operating and Program-Related Investment funds

Cash and cash equivalents – External entities hold our deposits, exposing them to custodial credit risk, meaning that if an institution fails, we might lose the funds. We minimize this risk by limiting deposits to those entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). As of June 30, 2021 and 2020, cash deposits held by the General Operating Fund met these requirements.

We hold most of our deposits in money market funds or in the Local Government Investment Pool operated by the State Treasurer pursuant to RCW 43.250 in which we are a voluntary participant. We report amortized cost on these funds.

Cash and cash equivalents by institution at June 30:

	2021		2020	
JP Morgan Chase	$ 2,850,247	1.71%	$ 2,465,873	3.07%
Local Government Investment Pool	163,410,882	98.16%	76,903,840	95.86%
All others	223,107	0.13%	860,755	1.07%
	$ 166,484,236	100%	$ 80,230,468	100%

Investments

While RCW 43.180.080(5) grants us the authority to invest our funds, it provides no investment guidelines or restrictions. The State law limits the type and character of investment of "public funds." Considering our authorizing legislation, Washington State court decisions, and the sources of our dedicated funds, we find that the investment limitations on public funds do not apply to us. However, as a matter of policy, we currently invest our dedicated funds in a manner generally consistent with the investment limitations on public funds. To minimize our exposure to credit risk, we have adopted an investment policy that limits investments, summarized as follows.

Note 3 – Cash, Cash Equivalents, and Investments (continued)

The Commission may invest in non-governmental investments, including certificates of deposit, banker's acceptances, and repurchase agreements. In addition, the following governmental investments are eligible:

1. Treasury bills, notes, and other obligations issued by the United States Department of the Treasury and backed by the full faith and credit of the U.S. government.

2. Federal Home Loan Bank notes and bonds.

3. Federal Land Bank bonds.

4. Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation.

5. The obligations of certain government-sponsored entities whose obligations are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System.

6. Shares of mutual funds with portfolios consisting of only U.S. government bonds or U.S. government guaranteed bonds issued by federal agencies with average maturities of less than four years.

Investments are managed to this policy through an agreement with Nuveen Asset Management.

Custodial credit risk is the risk that we could not recover the value of our investments or collateral security if a depository institution or counterparty fails. We manage this risk by prequalifying institutions that we use to place investments. As of June 30, 2021 and 2020, investment securities were registered and held in our custodian agent's name.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. We manage this risk by limiting investments to those permitted in our investment policies, diversifying the investment portfolio, and prequalifying the institutions where we place the investments.

Note 3 – Cash, Cash Equivalents, and Investments (continued)

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of our investment in a single issuer. Our policy limits the investment in any single institution (except for United States Government Securities) to no more than 20% of the portfolio.

As of June 30, 2021		Fair Value Measurements Using		
		Quoted Prices in		
		Active Markets	Significant Other	Significant
	Total	for Identical	Observable	Unobservable
Classification/Provider	Investment	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)
US Government and Agency Obligations				
US Treasury Notes	$ 27,241,003	$ 27,241,003	$ -	$ -
US Agencies	17,857,424	-	17,857,424	-
Other Municipal Agencies	2,521,565	-	2,521,565	-
Total General and PRI Fund Investments	$ 47,619,992	$ 27,241,003	$ 20,378,989	$ -

As of June 30, 2020		Fair Value Measurements Using		
		Quoted Prices in		
		Active Markets	Significant Other	Significant
	Total	for Identical	Observable	Unobservable
Classification/Provider	Investment	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)
US Government and Agency Obligations				
US Treasury Notes	$ 15,526,461	$ 15,526,461	$ -	$ -
US Agencies	19,165,289	-	19,165,289	-
Other Municipal Agencies	2,411,511	-	2,411,511	-
Total General and PRI Fund Investments	$ 37,103,261	$ 15,526,461	$ 21,576,800	$ -

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Examining the maturities of our investment securities, listed in the following table, can reveal information about interest rate risk.

Investments as of June 30, 2021

		Maturities (In Years)		
Type	Total	Less than 1	1-5	>5
US Treasury Notes	$ 27,241,003	$ 1,995,595	$ 25,245,408	$ -
US Agencies	17,857,424	1,961,388	15,712,678	183,358
Other government securities	2,521,565	166,005	2,355,560	-
Total General and PRI Fund Investments	$ 47,619,992	$ 4,122,988	$ 43,313,646	$ 183,358

Investments as of June 30, 2020

		Maturities (In Years)		
Type	Total	Less than 1	1-5	>5
US Treasury Notes	$ 15,526,461	$ 564,809	$ 14,961,652	$ -
US Agencies	19,165,289	6,951,418	12,017,401	196,470
Other government securities	2,411,511	154,538	2,256,973	-
Total General and PRI Fund Investments	$ 37,103,261	$ 7,670,765	$ 29,236,026	$ 196,470

Note 3 – Cash, Cash Equivalents, and Investments (continued)

Investment securities – bond funds

Single-family Homeownership Program – The Single-family program indentures require that investments be made with proper regard for the preservation of principal and with maturities that provide sufficient liquidity to meet obligations. During the fiscal years ending June 30, 2021 and 2020, investments held in the Single-family program indentures included non-purpose MBSs and short-term repurchase agreements.

US agencies – During the year, the Commission invests available Single-Family bond fund reserves by purchasing MBSs originated through its Single-Family Homeownership programs in advance of issuing bonds. These investments are recorded at fair market value, however no Non-Purpose MBSs were held at June 30, 2021 or June 30, 2020.

Short-term repurchase agreements – In December 2017, the Commission entered into a Mortgage Loan purchase and sale agreement (ML Liquidity Repurchase Agreement) with our Master Servicer, Idaho Housing & Finance Association (IHFA), to provide funds to the Master Servicer to purchase approved mortgage loans originated under our Home Advantage program. The purpose of this agreement is to promote the continued success of the program by assuring timely purchase of qualified mortgage loans. We intend to hold such loans less than 90 days.

Single-family Bond Program Investments as of June 30, 2021		Fair Value Measurements Using		
Classification/Provider	Total Investment	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase Agreements				
Idaho Housing Finance Agency	$ 85,321,065	$ -	$ -	$ 85,321,065
Total Single-family Bond Program Investments	$ 85,321,065	$ -	$ -	$ 85,321,065

Single-family Bond Program Investments as of June 30, 2020		Fair Value Measurements Using		
Classification/Provider	Total Investment	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase Agreements				
Idaho Housing Finance Agency	$ 34,244,234	$ -	$ -	$ 34,244,234
Total Single-family Bond Program Investments	$ 34,244,234	$ -	$ -	$ 34,244,234

Multifamily Housing Program – Cash and Cash equivalents of $175.9 million and $63.6 million held at June 30, 2021 and June 30, 2020 respectively, consist of funds representing collateral for a line of credit supporting our Multifamily Recycling program. This collateral is directed by the line of credit agreement to be held in an account within the Local Government Investment Pool operated by the State Treasurer pursuant to RCW 43.250.

Note 4 – Mortgage-Backed Securities

The Commission uses the proceeds of its Single-family Homeownership Program bonds to purchase mortgage-backed securities. Ginnie Mae, Fannie Mae or Freddie Mac, backed by the full faith and credit of the U.S. government, guarantee the payment of principal and interest on the MBSs.

For the fiscal year ended June 30, 2021, the net decrease in fair market value from that of the prior year-end based upon quoted market prices was $10,452,926 and for the fiscal year ended June 30, 2020, the net increase in fair market value from that of the prior year-end based upon quoted market prices was $24,764,879. The following table shows the sources of the gains and losses on MBSs on the statements of revenue, expenses, and changes in net position for 2021 and 2020 by program.

	2021			2020		
	Single-family Program Bonds	Homeownership Program Bonds	Total	Single-family Program Bonds	Homeownership Program Bonds	Total
MBS, at fair value	$ (7,892,552)	$ (2,560,374)	$ (10,452,926)	$ 23,500,455	$ 1,264,424	$ 24,764,879

Cumulative unrealized gains at June 30, 2021 and 2020, were $33,312,653 and $43,765,579, respectively, and are included in the balance of MBSs on the statement of net position.

Note 5 – Furniture, Fixtures and Equipment

Furniture, fixtures and equipment as shown below at June 30, 2021 and 2020, are included in prepaid fees and other on the statements of net position.

	Useful Life	July 1, 2020	Increase	Decrease	June 30, 2021
Furniture, fixtures and equipment	3 to 10 years	$ 2,080,351	$ 27,000	$ -	$ 2,107,351
Leasehold improvements	4 to 5 years	176,058	-	-	176,058
Total assets		2,256,409	27,000	-	2,283,409
Less accumulated depreciation		(2,116,522)	(86,276)	-	(2,202,798)
Net book value		$ 139,887	$ (59,276)	$ -	$ 80,611

	Useful Life	July 1, 2019	Increase	Decrease	June 30, 2020
Furniture, fixtures and equipment	3 to 10 years	$ 2,004,413	$ 75,938	$ -	$ 2,080,351
Leasehold improvements	4 to 5 years	176,058	-	-	176,058
Total assets		2,180,471	75,938	-	2,256,409
Less accumulated depreciation		(1,957,766)	(158,756)	-	(2,116,522)
Net book value		$ 222,705	$ (82,818)	$ -	$ 139,887

Note 6 – Bonds and Notes Payable

Single-family mortgage revenue bonds issued by the Commission are limited obligations payable solely from and secured by a pledge of the MBSs (including any insurance payments made with respect thereto), restricted investments, undisbursed bond proceeds and the earnings thereon held under the indenture or financing agreement authorizing the bonds.

Default on our Single-family mortgage revenue bonds, including failure to provide punctual payment of the principal amount or any interest installment due, could result in the principal and accrued interest of the outstanding bonds becoming due in full, providing the Trustee receives written consent of at least 25% of the bond owners prior to so declaring.

As of June 30, 2021, we had outstanding bonds of $554.5 million bearing interest varying in rates as listed below:

	FY 2021	
	Low	High
Single-family Program	0.03%	4.00%
Homeownership Program	2.45%	5.10%

In addition to the Single-family mortgage revenue bonds the Commission has issued bonds that meet the definition of conduit debt obligations. The proceeds are used by private sector borrowers for the acquisition, construction and rehabilitation of affordable multifamily housing and nonprofit facilities. We have not extended any additional commitments for the debt service payments of the bonds beyond the collateral and the payments on the underlying mortgage or promissory notes and maintenance of the tax-exempt status of the conduit debt obligations.

Municipal Certificates 2021-1 Series A and Series X (the Certificates) of $571,961,262 were issued May 20, 2021 in a Fixed Income Trust to replace a single note-holding beneficiary of several of the Commission's multifamily bond transactions (the Bond Transactions) with multiple investors (the Certificateholders). The Bond Transactions did not change, and borrowers remain obligated to make all payments under such notes. All assets in each of the Bond Transaction's trust estate are pledged to and pass through to the Certificateholders as the full and complete payment of their investment. These Municipal Certificates meet the criteria to be conduit debt obligations and as such no assets or liabilities are reported.

As of June 30, 2021, and June 30, 2020, the conduit debt obligations have an aggregate outstanding principal amount payable of $6.4 billion and $6.1 billion, respectively, none of which was recognized as a liability by the Commission.

Note 6 – Bonds and Notes Payable (continued)

Derivative instruments – interest rate swaps

Single-family Homeownership Program – The Commission has entered into interest rate swap agreements ("swaps") in connection with issuing variable rate mortgage revenue bonds. The swaps are intended to create debt with synthetic interest rates lower than would have been attainable from long-term fixed rate bonds to achieve our goal of lending to low- and moderate-income first-time homebuyers at below market, fixed interest rates. The swaps are hedging derivative instruments. Additional information, including the fair market value of each swap, is listed below.

Using rates as of June 30, 2021, debt service requirements of the outstanding variable rate debt and associated net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates change, variable rate bond interest payments and net swap payments will vary.

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2022	$ 22,810,000	$ 130,934	$ 602,807	$ 23,543,741
2023	22,500,000	130,500	607,201	23,237,701
2024	22,500,000	32,625	151,800	22,684,425

The terms and counterparty credit ratings of the outstanding swaps as of June 30, 2021, are shown below. The notional amounts of the swaps match principal amounts of the associated debt as of June 30, 2021. The notional amounts are expected to approximately follow scheduled or anticipated reductions in the principal amounts of the associated debt.

Associated Bond Series	Current Notional Amount	Current Principal Amount	Effective Date	Fixed Rate Paid	Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2016 VR-1N	$ 310,000	$ 310,000	July 22, 2008	3.629%	SIFMA plus 10bps	$ (5,385)	December 1, 2021	Aaa
2018 1N-MM	22,500,000	22,500,000	November 28, 2018	2.730%	SIFMA	(1,902,132)	December 1, 2048	Aa2
	$ 22,810,000	$ 22,810,000				$ (1,907,517)		

Our swap advisor estimated the fair values presented in the preceding table. They approximate the termination payments that would have been due had we terminated them as of June 30, 2021. A negative fair value represents the estimated amount payable by the Commission had we terminated the swaps on June 30, 2021. The interest rate swaps do not have an observable market; therefore, the fair value classification is a Level 3 input.

The variable debt maturity for the 2016 VR-1N issue exceeds that of the swaps by a range of 25 to 25.5 years. After the swaps terminate, we may not obtain subsequent interest rate agreements that limit interest at or below these levels.

Note 6 – Bonds and Notes Payable (continued)

The International Swap Dealers Association Master Agreement is the model for our swap agreements. They include standard termination events by either party if the other party fails to perform under the terms of the contract. Upon termination, a payment is due to one party irrespective of causality based upon the market value of the swap. We have termination risk if we become liable for termination payments to the counterparty or if we cannot find a replacement to the swaps under favorable financial terms. Our swap contracts reduce this risk by limiting the counterparty's ability to terminate due to the following Commission actions or events: payment defaults, other defaults that remain uncured for 30 days after notice, bankruptcy, and insolvency.

The terms of the swaps expose us to credit risk with the counterparties on a termination event. The swap agreements contain collateral requirements based upon counterparty credit ratings and the fair value of the swaps. These bi-lateral requirements are established to mitigate potential credit risk exposure. There are no collateral requirements as of June 30, 2021 and 2020.

The Commission may incur amortization risk because we may receive prepayments from the mortgage loans portfolio that cannot be used to call other bonds of the same Series or to cross-call into other Series. The flexibility of our operating policy and other series of bonds, as well as the use of Planned Amortization Class (PAC) Bonds for restricted principal payments, minimizes this risk. Additionally, we may terminate the swaps at market value at any time.

The Commission bears basis risk, the risk that the variable interest payments on our bonds will not equal the variable interest receipts from our swaps. Basis risk exists because we pay a variable rate on its bonds based on a weekly remarketing rate or indexed rate provided by the calculation agent, while we receive a variable rate based upon the weekly SIFMA rate, plus a spread, where applicable, as shown in the preceding table. Basis risk will vary over time due to inter-market conditions. As of June 30, 2021, the interest rate on our variable rate debt with swaps was 0.03% (2016 VR-1N) and 0.58% (2018 1N-MM) per annum while the variable interest rate on the corresponding swaps was 0.03% per annum (SIFMA at June 30, 2021). We considered the risk when structuring the related bonds and determined it was within acceptable tolerance levels.

A change in the tax code could fundamentally alter the long-term historical relationship between taxable and tax-exempt short-term interest rates, changing the Commission's receipts under its swap contracts. We determined that it was not economically feasible to transfer this tax risk to the swap counterparties.

Note 6 – Bonds and Notes Payable (continued)

Bond refunding

The Commission refunds bonds on a current basis. Current refundings result from redemption of the prior bonds within 90 days of the issuance of the new, refunding bonds. During the fiscal year ended June 30 2021, we refunded two series of bonds reducing debt service by $26.4 million and resulting in an economic gain of $17.4 million as shown in the following table:

	REFUNDING ISSUE							
Fiscal Year	Date of Issue	Bond Series	Amount	Effective Rate	Bond Series	Amount	Reduction in Debt Service	Economic Gain (Loss)
2021	11/30/2020	Single-family Series 2020 2N	39,995,486	2.305%	Series 2013 1A-R/1N-R	$ 455,000	$ 13,194,114	$ 9,327,632
					Series 2017 1A-R 1N	1,720,328		
					Series 2017 2A-R/2N	900,000		
					Series 2017 3N/3N-R/3A-R	12,895,860		
					Series 2018 1N	2,735,000		
					Series 2016 1A-R 1N	21,035,000		
					Series 2016 2A-R 2N	185,000		
					Series 2017 1A-R 1N	69,298		
2021	5/27/2021	Single-family Series 2021 1N	43,839,784	1.787%	Series 2010 1A-R/1N-R	$ 1,934	$ 13,241,933	$ 8,031,641
					HPB Series 2009 AC3/2011 B	13,845,000		
					Series 2013 1A-R/1N-R	2,219		
					Series 2014 1A-R/1N-R	199		
					Series 2015 1A-R/1N	1,493		
					Series 2016 1A-R 1N	395,000		
					Series 2016 2A-R 2N	6,700,000		
					Series 2017 1A-R 1N	2,697,360		
					Series 2017 2A-R/2N	7,944,258		
					Series 2017 3N/3N-R/3A-R	10,312,177		
					Series 2018 1N	772,378		
					Series 2019 1N	1,149,923		
					Series 2019 2A/2N	8,569		
					Series 2020 1A/1N	9,274		

During the fiscal year ended June 30, 2020, we refunded two series of bonds reducing debt service by $10.3 million and resulting in an economic gain of $5.7 million as shown in the following table:

	REFUNDING ISSUE							
Fiscal Year	Date of Issue	Bond Series	Amount	Effective Rate	Bond Series	Amount	Reduction in Debt Service	Economic Gain (Loss)
2020	11/26/2019	Single-family Series 2019 2A/2N	21,234,039	2.690%	Series 2010 1A-R/1N-R	$ 2,130,757	$ 4,717,409	$ 2,574,099
					Series 2013 1A-R/1N-R	807,353		
					Series 2014 1A-R/1N-R	662,028		
					Series 2014 2A-R 2N 2N-R	378,953		
					Series 2015 1A-R/1N	4,222,628		
					Series 2016 1A-R 1N	1,137,639		
					Series 2016 2A-R 2N	1,546,061		
					Series 2017 1A-R 1N	6,798,190		
					Series 2017 2A-R/2N	616,305		
					Series 2017 3N/3N-R/3A-R	729,125		
					Series 2018 1N	1,595,000		
					Series 2019 1N	610,000		
2020	5/28/2020	Single-family Series 2020 1A/1N	21,369,233	2.360%	Series 2010 1A-R/1N-R	$ 3,082,616	$ 5,596,140	$ 3,133,021
					Series 2013 1A-R/1N-R	1,028,480		
					Series 2014 2A-R 2N 2N-R	745,914		
					Series 2015 1A-R/1N	804,766		
					Series 2016 1A-R 1N	991,647		
					Series 2016 2A-R 2N	1,425,132		
					Series 2017 1A-R 1N	6,404,210		
					Series 2017 2A-R/2N	999,403		
					Series 2017 3N/3N-R/3A-R	1,344,722		
					Series 2018 1N	3,200,000		
					Series 2019 1N	1,215,000		
					Series 2019 2A/2N	127,343		

Note 6 – Bonds and Notes Payable (continued)

Future principal and interest payments and bonds outstanding – Bonds mature in varying amounts through 2051 based on their scheduled terms. However, some may be refinanced or redeemed early. As of June 30, 2021, future principal and interest requirements are as follows:

				Direct Placements		All Other Bonds	
Fiscal Year June 30,	Total Principal Redemptions	Total Interest Payments	Total Debt Service	Total Principal Redemptions	Total Interest Payments	Total Principal Redemptions	Total Interest Payments
2022	$ 21,000,000	$ 15,043,747	$ 36,043,747	$ -	$ 183,022	$ 21,000,000	$ 14,860,725
2023	19,245,000	14,624,526	33,869,526	-	183,022	19,245,000	14,441,504
2024	20,645,000	14,233,183	34,878,183	-	183,022	20,645,000	14,050,161
2025	19,770,000	13,798,805	33,568,805	-	183,022	19,770,000	13,615,783
2026	22,075,000	13,354,917	35,429,917	-	183,022	22,075,000	13,171,895
2027–2031	117,295,000	58,004,186	175,299,186	-	915,108	117,295,000	57,089,078
2032–2036	90,985,000	42,087,235	133,072,235	-	915,108	90,985,000	41,172,127
2037–2041	92,968,686	31,717,911	124,686,597	3,818,686	798,161	89,150,000	30,919,750
2042–2046	90,683,242	18,089,984	108,773,226	4,083,242	119,285	86,600,000	17,970,699
2047–2051	59,835,000	3,511,078	63,346,078	-	-	59,835,000	3,511,078
	$ 554,501,928	$ 224,465,572	$ 778,967,500	$ 7,901,928	$ 3,662,772	$ 546,600,000	$ 220,802,800

Changes in bonds outstanding during the fiscal year ended June 30, 2021, are summarized in the following table:

	June 30, 2020	Issued	Redeemed	June 30, 2021
Direct placement	$ 10,309,841	$ -	$ 2,407,913	$ 7,901,928
All other bonds and notes	596,480,000	110,465,000	160,345,000	546,600,000
	$ 606,789,841	$ 110,465,000	$ 162,752,913	$ 554,501,928

Warehouse facility

During the fiscal year ending June 30, 2019, we entered into a repurchase agreement with PlainsCapital Bank to purchase a 100% interest in eligible mortgage loans held by the Commission. This agreement allows us to access short term funds of up to $40 million, to meet the liquidity needs in support of our temporary investments in Home Advantage mortgage loans, held in the Single-family program bond fund. This credit agreement is collateralized by the underlying mortgage loans. Failure of the Commission to make required payments timely could result in immediate demand for payment, our loss of ownership of the underlying collateral and suspension of the agreement. Activity and balances for the fiscal years ending June 30, 2021 and 2020 are summarized in the following table:

	FY 2021	**FY 2020**
Beginning Balance	$ 7,141,235	$ -
Draws	237,577,486	92,340,184
Principal Repayments	(233,274,513)	(85,198,949)
Ending Balance	$ 11,444,208	$ 7,141,235

Note 6 – Bonds and Notes Payable (continued)

Line of Credit facility

During the fiscal year ending June 30, 2020, the Commission entered into a revolving loan and security agreement ("Line of Credit") with a private lender. Draws on the line are used to make qualified bond redemptions and are fully collateralized by bond prepayments received and deposited into a Local Government Investment Pool account established for this purpose. The line is repaid with proceeds from new bonds issued in conduit programs using recycled volume cap. An equal amount of monies on deposit are provided to the new bond borrower. Failure of the Commission to make required payments timely could result in immediate demand for payment, our loss of ownership of the collateral, loss of the recyclable volume cap preserved, and suspension of the agreement. Draws made during the year totaled $126,100,983 while repayments were $13,772,207, leaving a balance outstanding as of June 30, 2021 of $175,862,580.

Note 7 – Commitments

Mortgage loans – The Commission has committed to purchase mortgage loans to the extent qualified loans are available under our Single-family programs currently in the acquisition phase. Our commitments as of June 30, 2021, totaled $63,309,931.

Operating lease – The Commission has a lease commitment for office space on a long-term basis. Lease expense for the office space for the fiscal years ended June 30, 2021 and 2020, was $741,882 and $743,880, respectively. The Commission's existing lease commitment expired on June 30, 2021. We entered a new Commitment on December 9, 2020 for the period covering July 1, 2021 through June 30, 2024, with minimum lease payments due of $910,490

Lines of credit – On April 22, 2013, the Commission agreed to provide Impact Capital, a Community Development Financial Institution, a revolving liquidity loan, with an amount not to exceed $2 million. We renewed the agreement in October 2017 increasing the maximum to $5 million. There was no balance outstanding as of June 30, 2021. The balance outstanding as of June 30, 2020 was $1,000,000

Note 8 – Employee Benefit Plans

Deferred compensation plan – The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits our employees to defer a portion of their salaries until future years. The State pays the deferred compensation to employees upon termination, retirement, death, or unforeseeable emergency. We record the funds as salary expense when paid to the State; therefore, neither an asset nor liability is recorded on our financial statements.

Note 8 – Employee Benefit Plans (continued)

Retirement (pension) plan – The Commission's employees participate in the Public Employees' Retirement System (PERS) of the State. PERS, established by the legislature in 1947, is a cost-sharing multiple-employer retirement system. Membership in the system includes elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of legislative committees; community colleges, college and university employees not in national higher education retirement programs such as TIAA/CREF; judges of district and municipal courts; noncertified employees of school districts, and employees of local government. Approximately 50.6% of PERS salaries are from State employment. Our employees are eligible to participate in Plans 2 and 3. Plan 2 is a defined benefit plan. Plan 3 includes defined benefit and defined contribution components. Each employee is responsible for their plan selection.

Commission employees may retire at the age of 65 with five years of service or at age 55 with 20 years of service. The employee's retirement benefit is the product of three factors, the PERS plan percentage (Plan 2, 2%, Plan 3, 1%), average final compensation (the greatest compensation during any consecutive 60-month period) and years of service. Retirement benefits taken before age 65 are actuarially reduced. A cost-of-living allowance on the benefit is added, based on the Seattle Consumer Price Index, capped at 3% annually. PERS Plans 2 and 3 benefits include duty and non-duty disability payments and a one-time duty-related death benefit.

A combination of investment earnings and employer and employee contributions finance PERS retirement. Employee contributions accrue interest at a rate specified by the Department of Retirement Services (DRS). The DRS-established rate of interest on employee contributions was 5.5%, compounded quarterly. Retirement benefit provisions are established in State statutes and may be amended only by the State legislature. An employee can withdraw their total contributions and interest earnings upon their termination. PERS defined benefits are vested after an employee completes five years of eligible service for Plan 2 participants. For PERS plan 3 participants, defined benefits are vested after ten years of eligible service or after five years if twelve months of that service are earned after age 44.

Each biennium the legislature establishes employer and employee contribution rates. The Office of the State Actuary determines the contribution requirements to fully fund the plan in accordance with chapters RCW 41.40 and 41.45. All employers are required to contribute at the level established by the legislature. PERS Plan 1 accepts no new enrollments, and no Commission employees participate in the plan. However, the employer rate for participants in Plans 2 and 3 includes a component to address the PERS Plan 1 unfunded, actuarial accrued liability.

Note 8 – Employee Benefit Plans (continued)

The Commission and employee required contribution rates and amounts to the pension plan for the fiscal years 2021 and 2020 are:

	2021			2020		
	Rate		Amount	Rate		Amount
Employer contributions						
Plan 1 component	4.85%	$	347,220	4.76%	$	341,550
Plan 2 and 3 component	8.10%		566,864	8.10%		568,293
	12.95%	$	914,084	12.86%	$	909,843
Employee Contributions						
Plan 2	7.90%	$	478,833	7.90%	$	487,715

Detailed information about the pension plan's fiduciary net position is available in the separately issued DRS financial statements, which are available from:

Washington State Department of Retirement Systems
PO Box 48380
Olympia, WA 98504-8380
www.drs.wa.gov

The DRS retirement plans are accounted for in pension trust funds using the flow of economic-resources-measurement focus and the accrual basis of accounting. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. DRS reports investments held by the plans at fair value. As of the most recent period available, fiscal year ended June 30, 2020, DRS reports a total net pension liability for Plan 1 of $3.5 billion, and a total net pension liability for Plan 2 and 3 of $1.3 billion.

At June 30, 2021, the Commission recognized its proportionate share of the net pension liabilities of Plan 1 and Plans 2 and 3 of $1,646,824 and $820,030 respectively and included them in accounts payable and other liabilities within the General Operating Fund. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. Plan liabilities were rolled forward using each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. The Commission's proportion of net pension liability was based upon its contributions in relation to all other employer and non-employer contributions to the plan. The Commission's proportions used for measurement of its obligations as of June 30, 2021 and 2020, were:

	2021	2020	Change
Plan 1	0.0471%	0.0465%	0.00060%
Plans 2 and 3	0.0613%	0.0600%	0.00130%

The change in Commission proportions was determined to be immaterial, therefore a deferral of the impact of the change was not recognized.

Note 8 – Employee Benefit Plans (continued)

For the years ended June 30, 2021 and 2020, the Commission recognized pension expense of $139,530 and $321,290, respectively. For those years, we recognized deferred outflows and inflows of resources related to pension obligations from the following sources:

As of June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments:		
Plan 1	$ -	$ 7,087
Plans 2 and 3	-	18,378
Net difference due to change in assumptions		
Plans 2 and 3	-	518,485
Net difference between expected and actual experience		
Plans 2 and 3	181,314	-
Contributions subsequent to the measurement date		
Plans 2 and 3	897,546	-
Total	$ 1,078,860	$ 543,950

As of June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments:		
Plan 1	$ -	$ 119,565
Plans 2 and 3	-	845,167
Net difference		
Plans 2 and 3	-	227,136
Net difference between expected and actual experience		
Plans 2 and 3	41,495	-
Contributions subsequent to the measurement date		
Plans 2 and 3	893,759	-
Total	$ 935,254	$ 1,191,868

The $897,546 reported as deferred outflows of resources related to pensions resulting from the Commission’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Note 8 – Employee Benefit Plans (continued)

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows for years ending June 30:

All other Amortization thereafter		
2022	$	349,149
2023		73,173
2024		(29,514)
2025		(93,576)
2026		28,226
2027		29,041
2028		6,137
	$	362,636

The total pension liability in the June 30, 2019, actuarial valuation, which was rolled forward to June 30, 2020, was determined using the following actuarial assumptions.

Inflation		
	Economic	2.75%
	Salary	3.50%
Investment rate of return		7.40%
Discount rate		7.40%

Mortality rates were based on the Society of Actuaries' Publication H-2010 mortality rates, and vary by member status (active, retiree, or survivor). The Office of State Actuary applied age offsets for each system and recognized future improvements in mortality by applying the long-term MP-2017 generational improvement scale. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year through his or her lifetime.

The long-term expected rate of return on pension plan investments was determined using a building-block method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of the WSIB's Capital Market Assumptions (CMAs). WSIB uses the CMAs and their target asset allocations to simulate future investment returns at various future times. The long-term expected rate of return of 7.4% approximately equals the median of the simulated investment returns over a 50-year time horizon, adjusted to remove or dampen any short-term changes to WSIB's CMAs that aren't expected over the entire 50-year measurement period.

Note 8 – Employee Benefit Plans (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class (as of PERS year-end June 30, 2020), including an inflation component of 2.20%, are summarized in the following table:

Asset Class	Target Allocation	% Long-Term Expected Rate of Return
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

The discount rate used to measure the total pension liability was 7.40%. The rate was determined by completing an asset sufficiency test on whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Consistent with current law, the asset sufficiency test included an assumed 7.40% long-term discount rate to determine funding liabilities for calculation of future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.40% future investment rate of return on investment assets was assumed for the test. Contributions from plan members and employers are assumed to continue at contractually required rates. Based upon those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40% was used to determine the total liability.

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.40% as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate:

	Discount Rate Sensitivity		
	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
Plan 1	$ 2,082,857	$ 1,646,824	$ 1,296,625
Plan 2 and 3	$ 4,878,209	$ 820,030	$ (2,587,597)

Note 8 – Employee Benefit Plans (continued)

Other postemployment benefit plan

Commission employees are eligible to participate in the single employer defined benefit other postemployment benefit (OPEB) plan administered by the State Health Care Authority (HCA). The plan, as authorized through RCW 41.05.065, is designed by the Public Employee Benefits Board (PEBB), created within HCA, and determines the terms and conditions of employee and retired employee participation and coverage, including eligibility criteria. The PEBB OPEB plan benefits are provided in accordance with a substantive plan rather than a formalized contract or plan document and, as such, rely on communication of the plan terms by HCA with employers and plan members as well as the historical practice of plan cost sharing by employers.

The PEBB OPEB plan is funded by monthly contributions with amounts established by the Legislature as a part of the biennium budget process. For the 2020 and 2019 fiscal years this monthly amount was $168 and $168 per employee, respectively. There are no plan assets, rather the monthly contributions are used to pay for current benefits provided. The plan does not issue a publicly available financial report.

The PEBB retiree OPEB plan is available to employees eligible for retirement electing to continue coverage and pay the administratively established health insurance premiums at the time they retire under the provisions of the retirement plan to which they belong.

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in this risk pool receive an implicit subsidy because the retired members pay a premium based on the claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy from the reduced premiums. The explicit subsidy is established through an annual recommendation by the HCA administrator which is included in the Governor's budget with the final amount approved by the state Legislature. In calendar year 2020, the explicit subsidy was up to $183 per enrollee member per month. The subsidy will remain at $183 per enrollee member per month in calendar year 2021.

OPEB implicit and explicit subsidies as well as administrative costs are funded by the required contributions participating employers make. The Commission is required to make monthly contributions on behalf of all active, health care eligible employees (headcount), regardless of enrollment status. The allocation method used by the state to determine our proportionate share of the OPEB related liabilities, deferred inflows, deferred outflows, and expense is the percentage of our headcount as a percentage of the state's total headcount.

Note 8 – Employee Benefit Plans (continued)

This same method is used to determine the transactions subsequent to the measurement date, specifically the retiree portion of premium payments made by agencies on behalf of active, health care eligible employees between the measurement date of June 30, 2020, and the reporting date of June 30, 2021. The portion of health care premiums attributed to retirees for both explicit and implicit subsidies is taken from the Fiscal Year 2021 4th Quarter Update in the PEBB Financial Projection Model (PFPM) from the State Health Care Authority.

Additional information will be included in the Washington State 2021 Annual Comprehensive Financial Report on OFM's website (www.ofm.wa.gov/accounting/financial-audit-reports/comprehensive-annual-financial-report). Additional information on health care trend rates and other actuarial date is available on the Office of the State Actuary's website (leg.wa.gov/osa).

For fiscal years ending June 30, 2021 and June 30, 2020, HCA reports total OPEB liability of $6.1 billion and $5.8 billion, respectively. At June 30, 2021, the Commission recognized its proportionate share of the OPEB liability of $3,439,368, which is included in accounts payable and other liabilities within the General Operating Fund. The OPEB liability was measured as of June 30, 2020, and the total liability used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2020. The Commission's proportion was based upon our headcount in relation to the headcount of all state employees at the same date resulting in allocations of 0.0568% and 0.0598% used for the measurement of its obligations as of June 30, 2021 and 2020, a decrease between years of 0.003%. The impact of this change is included in the related deferred inflows and outflows of resources and amortized over nine years, which is equal to the average expected remaining service lives of all active and inactive members.

As of June 30, 2021, components of the change in of our proportionate share of the total OPEB liability are as follows:

Beginning OPEB Liability	$ 3,473,340
Change in proportionate Share	(176,730)
Service cost	142,724
Interest cost	119,390
Differences between expected and actual experience	(18,295)
Changes in assumptions	77,392
Changes of benefit terms	-
Benefit payments	(56,844)
Other	(121,608)
Ending OPEB Liability	$ 3,439,369

Note 8 – Employee Benefit Plans (continued)

For the years ended June 30, 2021 and 2020, the Commission recognized OPEB expense of $22,934 and $156,022, respectively. For those years recognized deferred outflows and inflows of resources related to the net OPEB liability from the following sources:

As of June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 236,503	$ 811,145
Changes in experience	75,454	16,263
Changes in proportion	94,026	219,293
Transactions subsequent to the measurement date	60,496	-
Total	$ 466,479	$ 1,046,701

As of June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 201,944	$ 1,007,071
Changes in experience	92,749	-
Changes in proportion	107,458	38,784
Transactions subsequent to the measurement date	59,891	-
Total	$ 462,042	$ 1,045,855

The $60,496 reported as deferred outflows resulting from transactions subsequent to the measurement date will be recognized as a reduction in the OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred inflows and deferred outlfows of resources will be recognized as OPEB expense in subsequent years as follows:

Amortization of Deferred Inflow of Resources	
2022	$ (117,573)
2023	(117,573)
2024	(117,573)
2025	(117,573)
2026	(117,577)
Thereafter	(52,849)
	$ (640,718)

Note 8 – Employee Benefit Plans (continued)

The total OPEB liability in the June 30, 2020, was determined using the following actuarial assumptions.

Inflation	
Economic	2.75%
Salary	3.50%
(Salaries are also expected to grow by promotions and longevity)	
Health care trend rates	
Initial rate(s)	2.3% - 11.0%
Expected by 2080	4.30%

Mortality rates were based on the Society of Actuaries' Publication H-2010 mortality rates, and vary by member status (active, retiree, or survivor). The Office of State Actuary applied age offsets for each system and recognized future improvements in mortality by applying the long-term MP-2017 generational improvement scale. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year through his or her lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based upon the results of the 2013-2018 Demographic Experience Study Report. The post-retirement participation percentages and percentage with spouse coverage were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2019 Report on Financial Condition and Economic Experience Study.

Because the OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, which was 2.21% for the June 30, 2020, measurement date.

The following represents the Commission's proportionate share of the OPEB liability calculated using the discount rate of 2.21% as well as what the proportionate share of the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
$ 4,164,227	$ 3,439,369	$ 2,874,962

Note 8 – Employee Benefit Plans (continued)

The table below represents the Commission's proportionate share of the OPEB liability calculated using the health care trend rates range of 2-11% percent reaching an ultimate range of 4.3%, as well as what our proportionate share of the total OPEB liability would be if it were calculated using health care trend rates that were one percentage point lower (1-10%) or one percentage point higher (3-12%) than the current rate:

Health Care Cost Trend Sensitivity		
1% Decrease	Current Discount Rate	1% Increase
$ 2,802,720	$ 3,439,369	$ 4,292,912

Note 9 – Risk Management

The Commission is subject to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters and acts of terrorism for which we carry commercial insurance. As of June 30, 2021, there were no known asserted or unasserted claims or judgments against the Commission.

The Commission may be subject to various threatened or pending legal actions, contingencies, and commitments in the normal course of conducting its business. We provide for costs or income related to a settlement of these matters when a loss or gain is probable, and the amount can be reasonably estimated. The effect of the outcome of these matters on our future results of operations and liquidity is not predictable because any such effect depends on future results of operations and the amount and timing of the resolution of any such matters. However, we believe that the ultimate resolution of any such matters will not have a material adverse or beneficial effect on our financial position.

Note 10 – Related Party Transactions

The Commission provides staff and administrative services to the following state agencies for the years ended June 30, 2021 and 2020:

Charges for Services	2021	2020
Washington Higher Education Facilities Authority	$ 304,420	$ 298,433
Tobacco Settlement Authority	40,559	37,030
Receivable From		
Washington Higher Education Facilities Authority	$ 79,396	$ 75,226
Tobacco Settlement Authority	8,503	20,068

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability

Schedule of Proportionate Share of Net Pension Liability

PLAN 1	2021	2020	2019	2018	2017
WSHFC's portion of net pension liability	0.0471%	0.0465%	0.0462%	0.0455%	0.0439%
WSHFC's proportionate share of the net pension liability	$ 1,646,824	$ 1,790,818	$ 2,052,105	$ 2,168,328	$ 2,361,147
WSHFC's covered employee payroll	N/A	N/A	N/A	N/A	N/A
WSHFC's proportionate share of the net pension liability as a percentage of its covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	68.64%	67.12%	63.22%	61.24%	57.03%
PLAN 2 and 3					
WSHFC's portion of net pension liability	0.0613%	0.0600%	0.0594%	0.0586%	0.0564%
WSHFC's proportionate share of the net pension liability	$ 820,030	$ 604,966	$ 1,023,732	$ 2,030,714	$ 2,845,451
WSHFC's covered employee payroll	$ 7,175,419	$ 6,526,599	$ 6,157,091	$ 5,762,602	$ 5,293,776
WSHFC's proportionate share of the net pension liability as a percentage of its covered employee payroll	11.43%	9.27%	16.63%	35.24%	53.75%
Plan fiduciary net position as a percentage of the total pension liability	97.22%	97.77%	95.77%	90.97%	85.82%

Schedule of Contributions

PLAN 1	2021	2020	2019	2018	2017
Statutorily-required contributions	$ 341,322	$ 333,507	$ 309,065	$ 273,962	$ 249,236
Contributions related to the statutorily-required contributions	341,322	333,507	309,065	273,962	249,236
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
WSHFC's covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Contribution as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
PLAN 2 and 3					
Statutorily-required contributions	$ 565,120	$ 490,407	$ 458,084	$ 357,892	$ 325,504
Contributions in related to the statutorily-required contributions	565,120	490,407	458,084	357,892	325,504
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
WSHFC's covered-employee payroll	7,175,419	6,526,599	6,157,091	6,157,091	6,157,091
Contribution as a percentage of covered-employee payroll	7.88%	7.51%	7.44%	6.21%	6.15%

Plan 1 – No Commission employees are eligible for PERS 1. Commission contributions are required in order to address the PERS 1 unfunded actuarial accrued liability. Therefore, covered payroll and contributions as a percentage of covered payroll is not applicable to Plan 1.

Schedule of Proportionate Share of OPEB Liability

	2021	2020	2019	2018
WSHFC's portion of OPEB Liability	0.05680%	0.05985%	0.05805%	0.05840%
WSHFC's proportionate share of the OPEB liability	$ 3,439,369	$ 3,473,340	$ 2,948,312	$ 3,399,762
WSHFC covered employee payroll	$ 7,175,419	$ 6,526,599	$ 6,157,091	$ 5,762,602
WSHFC's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	47.93%	53.22%	47.88%	59.00%

	2021	2020	2019	2018
Statutorily-required contributions	$ 161,040	$ 148,176	$ 132,450	$ 130,800
Contributions related to the statutorily-required contributions	161,040	148,176	132,450	130,800
Contribution (deficiency) excess	$ -	$ -	$ -	$ -
WSHFC's covered-employee payroll	$ 7,175,419	$ 6,526,599	$ 6,157,091	$ 5,762,602
Contribution as a percentage of covered-employee payroll	2.24%	2.27%	2.15%	2.27%
Total number of monthly insurance payments	880	882	883.00	872.00
Monthly contribution	$ 183	$ 168	150.00	150.00
Total	$ 161,040	$ 148,176	$ 132,450	$ 130,800
Calendar year 2020 subsidy	183.00			
Calendar year 2021 subsidy	183.00			

Supplemental Information

Washington State Housing Finance Commission
Schedule of Program Net Position

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Restricted Bond Fund: Single-family Bond Program	Restricted Bond Fund: Homeownership Bond Program (NIBP)	Restricted Bond Fund: Multifamily Housing Bond Program	Program-Related Investments	General Operating Fund	June 30, 2021	June 30, 2020
CASH AND CASH EQUIVALENTS	$ 151,696,895	$ 3,399,980	$ 175,898,405	$ 133,053,210	$ 33,431,026	$ 497,479,516	$ 287,158,987
INVESTMENTS							
U.S. government and agencies securities	-	-	-	42,829,248	4,790,744	47,619,992	-
Investment agreements and other investments	80,321,065	5,000,000	-	-	-	85,321,065	71,347,495
	80,321,065	5,000,000	-	42,829,248	4,790,744	132,941,057	71,347,495
ACCRUED INTEREST RECEIVABLE	1,627,505	135,137	-	1,718,604	157,545	3,638,791	3,606,393
FEES RECEIVABLE, net		-	-		11,782,688	11,782,688	5,998,868
OTHER RECEIVABLES	1,710,937	-	-	77,083	-	1,788,020	3,186,571
INTERFUND LOANS	(40,000,000)	-	-	40,000,000	-	-	-
MORTGAGE-BACKED SECURITIES, cost	515,092,462	25,910,994	-	-	-	541,003,456	637,513,468
Cumulative unrealized gain on mortgage-backed securities	31,211,888	2,100,765	-	-	-	33,312,653	43,765,579
MORTGAGE-BACKED SECURITIES, fair value	546,304,350	28,011,759	-	-		574,316,109	681,279,047
MORTGAGE LOANS, net	-	-	-	436,579,018	-	436,579,018	399,552,110
PREPAID FEES AND OTHER	-	-	-	-	498,719	498,719	514,236
TOTAL ASSETS	741,660,752	36,546,876	175,898,405	654,257,163	50,660,722	1,659,023,918	1,452,643,707
DEFERRED OUTFLOWS OF RESOURCES	1,907,517	-	-	-	1,545,339	3,452,856	4,294,417
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 743,568,269	$ 36,546,876	$ 175,898,405	$ 654,257,163	$ 52,206,061	$ 1,662,476,774	$ 1,456,938,124

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Restricted Bond Fund Single-family Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program	Program-Related Investments	General Operating Fund	June 30, 2021	2020
ACCOUNTS PAYABLE AND OTHER LIABILITIES	$ 30,067,246	$ 390	$ -	$ 36,966,912	$ 10,845,507	$ 77,880,055	$ 60,174,149
ACCRUED INTEREST PAYABLE	1,298,221	58,756	35,825	-	-	1,392,802	1,781,701
UNEARNED-REVENUE AND OTHER	-	-	-	-	15,248,392	15,248,392	8,668,576
DERIVATIVE INSTRUMENT - INTEREST RATE SWAP	1,907,517	-	-	-	-	1,907,517	2,897,121
NOTES PAYABLE	11,444,208	-	175,862,580	-	-	187,306,788	70,675,039
BONDS PAYABLE							
Current interest bonds	497,920,000	300,000	-	-	-	498,220,000	541,995,000
Taxable bonds	34,083,242	22,198,686	-	-	-	56,281,928	64,794,841
Unamortized bond premium	10,614,772	-	-	-	-	10,614,772	9,437,581
	542,618,014	22,498,686	-	-	-	565,116,700	616,227,422
TOTAL LIABILITIES	587,335,206	22,557,832	175,898,405	36,966,912	26,093,899	848,852,254	760,424,008
DEFERRED INFLOWS OF RESOURCES	1,657,778	-	-	-	1,590,651	3,248,429	3,251,067
NET POSITION							
Restricted							
Bond operations	154,575,285	13,989,044	-	-	-	168,564,329	166,555,877
Grants and donations to Program-Related Investments	-	-	-	809,424	-	809,424	984,384
Net investment in capital assets	-	-	-	-	80,611	80,611	139,887
Unrestricted							
General operations	-	-	-	-	23,967,853	23,967,853	23,150,561
Housing Washington	-	-	-	-	473,047	473,047	373,946
Program-Related Investments	-	-	-	616,480,827	-	616,480,827	502,058,394
	154,575,285	13,989,044	-	617,290,251	24,521,511	810,376,091	693,263,049
TOTAL LIABILITIES, DEFERRED INFLOW OF AND NET POSITION	$ 743,568,269	$ 36,546,876	$ 175,898,405	$ 654,257,163	$ 52,206,061	$ 1,662,476,774	$ 1,456,938,124

Washington State Housing Finance Commission
Schedule of Program Revenues, Expenses and Changes in Program Net Position

	Restricted Bond Fund						
	Single-family Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program	Program-Related Investments	General Operating Fund	Years Ended June 30, 2021	2020
REVENUES							
Interest earned on mortgage loans and mortgage-backed securities	$ 19,523,815	$ 1,867,299	$ -	$ -	$ -	$ 21,391,114	$ 22,961,823
Other interest and investment income (loss)	2,169,653	171,153	186,281	-	230,484	2,757,571	7,293,346
Gain (loss) on mortgage-backed securities	(7,892,552)	(2,560,374)	-	-	-	(10,452,926)	24,764,879
Other fee income	982,521	129,107	-	79,784,543	54,837,515	135,733,686	117,113,953
Nonoperating revenues - grants	-	-	-	-	3,696,435	3,696,435	1,473,316
	14,783,437	(392,815)	186,281	79,784,543	58,764,434	153,125,880	173,607,317
EXPENSES							
Interest on debt	16,972,020	1,367,455	179,434	-	-	18,518,909	19,619,289
Amortization of bond premium	(1,355,103)	(79,805)	-	-	-	(1,434,908)	(767,005)
Bond issuance costs	1,225,829	-	-	-	-	1,225,829	950,812
Servicing and commission fees	1,075,481	129,107	-	-	-	1,204,588	1,262,909
Salaries and wages	-	-	-	-	8,789,791	8,789,791	9,505,963
Communication and office expense	-	-	-	-	2,048,091	2,048,091	2,292,180
Professional fees	-	-	6,847	-	1,252,589	1,259,436	1,318,047
Trustee and paying agent fees	85,070	14,894	-	-	-	99,964	96,030
Other	44,160	-	-	560,543	-	604,703	2,376,803
Nonoperating expenses - grants	-	-	-		3,696,435	3,696,435	1,473,316
	18,047,457	1,431,651	186,281	560,543	15,786,906	36,012,838	38,128,344
EXCESS (DEFICIT) OF REVENUES OVER EXPENSI	(3,264,020)	(1,824,466)	-	79,224,000	42,977,528	117,113,042	135,478,973
RETURN REMAINING CONTRIBUTION FOR CLOSED PROGRAM	-	-	-	-	-	-	(98,312)
CHANGE IN NET POSITION	(3,264,020)	(1,824,466)	-	79,224,000	42,977,528	117,113,042	135,380,661
NET POSITION							
Balance, beginning of year	146,808,294	19,747,583	-	503,042,778	23,664,394	693,263,049	557,882,388
Contribution (distribution) of equity	11,031,011	(3,934,073)	-	35,023,473	(42,120,411)	-	-
Balance, end of year	$ 154,575,285	$ 13,989,044	$ -	$ 617,290,251	$ 24,521,511	$ 810,376,091	$ 693,263,049

	Restricted Bond Fund					
	Single-family Housing Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program	Program-Related Investments	General Operating Fund	Year Ended June 30, 2021
OPERATING ACTIVITIES						
Receipts for interest on mortgages	$ 19,530,988	$ 1,962,568	$ -	$ -	$ -	$ 21,493,556
Receipts for other fee income	1,111,521	129,107	-	79,647,294	60,134,169	141,022,091
Receipts for loans and mortgage prepayments	134,864,884	13,923,339	-	96,262,812	-	245,051,035
Payments for acquisition of loans and mortgages	(52,022,509)	-	-	(118,896,792)	-	(170,919,301)
Payments for bond program expenses	(2,469,010)	(144,166)	-	-	-	(2,613,176)
Payments to employees and suppliers	-	-	(6,847)	1,549,441	(15,129,098)	(13,586,504)
Net cash from (used for) operating activities	101,015,874	15,870,848	(6,847)	58,562,755	45,005,071	220,447,701
INVESTING ACTIVITIES						
Purchase of investments	(1,117,386,815)	-	-	(10,586,216)	-	(1,127,973,031)
Sale of investments	1,066,309,985	-	-	-	69,486	1,066,379,471
Interest received on investments	2,131,271	156,665	186,281	-	299,610	2,773,827
Net cash from (used for) investing activities	(48,945,559)	156,665	186,281	(10,586,216)	369,096	(58,819,733)
NONCAPITAL FINANCING ACTIVITIES						
Proceeds from sale of bonds and notes	113,835,270	-	-	-	-	113,835,270
Proceeds from collateralized loans	237,577,486	-	148,430,983	-	-	386,008,469
Repayments of collateralized loans	(233,274,513)	-	(36,102,207)	-	-	(269,376,720)
Short term loan provided to other fund	-	-	-	-	-	-
Interest paid on debt	(17,222,673)	(1,578,574)	(220,296)	-	-	(19,021,543)
Debt repayments	(133,585,809)	(29,167,106)	-	-	-	(162,752,915)
Transfer of bond proceeds	(13,845,000)	13,845,000	-	-	-	-
Contributions	7,096,938	-	-	35,023,473	(42,120,411)	-
Net cash from (used for) noncapital financing activities	(39,418,301)	(16,900,680)	112,108,480	35,023,473	(42,120,411)	48,692,561
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,652,014	(873,167)	112,287,914	83,000,012	3,253,756	210,320,529
CASH AND CASH EQUIVALENTS						
Beginning of year	139,044,881	4,273,147	63,610,491	50,053,198	30,177,270	287,158,987
End of year	$ 151,696,895	$ 3,399,980	$ 175,898,405	$ 133,053,210	$ 33,431,026	$ 497,479,516

	Restricted Bond Fund					
	Single-family Housing Bond Program	Homeownership Bond Program (NIBP)	Multifamily Housing Bond Program	Program-Related Investments	General Operating Fund	Year Ended June 30, 2021
RECONCILIATION OF EXCESS (DEFICIT) OF REVENUES OVER EXPENSES TO NET CASH FROM OPERATING ACTIVITIES						
Excess (deficit) of revenues over expenses	$ (3,264,020)	$ (1,824,466)	$ -	$ 79,224,000	$ 42,977,528	$ 117,113,042
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash from operating activities						
Amortization of mortgage discount	(256,743)	-	-	-	-	(256,743)
Amortization of mortgage premium	1,041	-	-	-	-	1,041
Amortization of bond premium	(1,355,103)	(79,805)	-	-	-	(1,434,908)
Acquisition of mortgage loans	(52,022,509)	-	-	(118,896,792)	-	(170,919,301)
Repayments of mortgage loans	134,864,884	13,923,339	-	96,262,812	-	245,051,035
Unrealized (gain) loss on securities	7,892,552	2,560,374	-	-	-	10,452,926
Cash from changes in operating assets and liabilities						
Interest and other receivables	(1,777,777)	(75,884)	(186,281)	469,823	(5,383,159)	(6,953,278)
Interest and other payables	16,933,549	1,367,290	179,434	1,502,912	7,410,702	27,393,887
Net cash from (used for) operating activities	$ 101,015,874	$ 15,870,848	$ (6,847)	$ 58,562,755	$ 45,005,071	$ 220,447,701

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 6/30/2021	Balance Outstanding 6/30/2020
Single-family (Open Indenture)					
Single-family Series 2013 1A-R/1N-R	3/27/2013	62,515,000	6/1/2043	21,325,000	23,445,000
Single-family Series 2014 1A-R/1N-R	1/28/2014	36,700,000	6/1/2043	285,000	1,310,000
Single-family Series 2014 2A-R 2N 2N-R	12/18/2014	50,515,000	6/1/2044	8,675,000	11,765,000
Single-family Series 2015 1A-R/1N	12/10/2015	63,845,000	6/1/2038	22,840,000	27,105,000
Single-family Series 2016 1A-R 1N VR-1N	5/26/2016	65,500,000	12/1/2046	38,480,000	43,380,000
Single-family Series 2016 2A-R 2N	11/30/2016	67,045,000	12/1/2046	40,315,000	51,455,000
Single-family Series 2017 1A-R 1N	4/27/2017	67,370,000	12/1/2047	37,955,000	45,465,000
Single-family Series 2017 2A-R/2N	9/28/2017	35,230,000	6/1/2047	19,340,000	30,315,000
Single-family Series 2017 3N/3N-R/3A-R	12/28/2017	70,475,000	12/1/2047	26,725,000	66,280,000
Single-family Series 2018 1N/1N-MM	10/18/2018	98,190,000	12/1/2048	76,145,000	92,625,000
Single-family Series 2019 1N	3/20/2019	78,210,000	6/1/2049	47,720,000	76,385,000
Single-family Series 2019 2A/2N	11/26/2019	38,535,000	12/1/2049	37,035,000	38,385,000
Single-family Series 2020 1A/1N	5/28/2020	41,765,000	6/1/2050	40,775,000	41,765,000
Single-family Series 2020 2N	11/30/2020	38,835,000	12/1/2050	38,675,000	-
Single-family Series 2021 1N	5/27/2021	71,630,000	12/1/2049	71,630,000	-
Special Single-family	10/18/2012	26,171,376	10/1/2042	4,083,242	5,444,050
				532,003,242	555,124,050
Unamortized Bond Premium				10,614,772	9,188,454
				$ 542,618,014	$ 564,312,504
Homeownership Program Bonds					
HPB 09 Series AC1/2010 Series A - NBIP	6/29/2010	100,000,000	10/1/2041	-	855,000
Homeownership Program Bonds 09 AC2/11 A	3/24/2011	99,990,000	10/1/2041	300,000	2,480,000
Homeownership Program Bonds 09 AC3/11 B	9/29/2011	116,440,000	10/1/2041	-	18,980,000
Homeownership Program Bonds 2013A	1/30/2013	23,675,203	3/1/2040	3,818,686	4,865,791
Homeownership Program Bonds2015 AB	5/28/2015	69,370,000	5/1/1941	18,380,000	24,485,000
				22,498,686	51,665,791
Unamortized Bond Premium				-	249,127
				$ 22,498,686	$ 51,914,918

MOSSADAMS