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Financial Statements, 2006

Missouri Housing Development Commission

RubinBrown

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Certified Public Accountants
& Business Consultants

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STATE AUDITOR'S OFFICE
RECEIVED
OCT 1 0 2006

October 5, 2006

State Auditor Claire McCaskill
State Capitol Building, Room 224
Jefferson City, Missouri 65101

Dear State Auditor McCaskill:

On behalf of Timothy Bradley, Deputy Director/Chief Financial Officer, Missouri Housing Development Commission, please find the enclosed copies of the various financial statements for the fiscal year ending June 30, 2006.

We appreciate the opportunity to serve the Missouri Housing Development Commission and look forward to continuing our relationship with your prestigious organization.

Very truly yours,

RubinBrown LLP

Jeffrey B. Winter, CPA
Partner
Direct Dial Number: 314.290.3408
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JBW:cjm

Enclosures

MISSOURI HOUSING DEVELOPMENT COMMISSION

FINANCIAL STATEMENTS

JUNE 30, 2006

RubinBrown

Contents

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Independent Auditors' Report

The Commissioners
Missouri Housing Development Commission

We have audited the accompanying balance sheet of Missouri Housing Development Commission (a body corporate and politic of the State of Missouri) (the Commission) as of June 30, 2006 and 2005, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission at June 30, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2006 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 - 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Commission taken as a whole. The accompanying supplementary information, as listed on pages 38 - 40 in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RubinBrown LLP

St. Louis, Missouri
August 21, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Years Ended June 30, 2006 And 2005

Our discussion and analysis of Missouri Housing Development Commission's financial performance provides an overview of the Commission's financial activities for the fiscal years ended June 30, 2006 and 2005. Please read it in conjunction with the Commission's financial statements and accompanying notes.

Introduction - Missouri Housing Development Commission

The Missouri Housing Development Commission (the Commission) was established by the 75th Missouri General Assembly in 1969 and is the housing finance agency for the state of Missouri. The Commission is entirely self-supporting and does not draw upon the general taxing authority of the State. The Commission sells tax-exempt and taxable bonds and notes, for the purposes of financing owner-occupied residential mortgage loans for lower and moderate income persons and providing construction and long-term financing for rental developments to be occupied by lower and moderate income persons. The Commission's net assets are also a source of funding for such loans.

The Commission conducts other programs related to its housing finance activities, including administering the federal and state housing tax credits for the State of Missouri. The Commission also administers contracts for Project Based Section 8 program, which provides rental subsidies from federal funds, on a fee basis.

Overview Of The Financial Statements

This annual financial report consists of three parts: Management's Discussion & Analysis; the financial statements, including notes to the financial statements; and supplemental schedules. The Commission is a self-supporting entity and follows enterprise fund reporting, using the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Commission.

2006 Financial Highlights

- Total assets were $1.9 billion, an increase of 11.0% from June 30, 2005.
- Fiscal year 2006 mortgage investment purchases and originations totaled $375.4 million as compared to $301.1 million in 2005.
- Bonds and notes issued totaled $415.8 million in 2006 and totaled $283.0 million in 2005. $328.0 million of the bonds issued in 2006 and $229.7 million in 2005 were rated AAA by Standard & Poor's Rating Services.
- Total revenues were $179.5 million in fiscal year 2006, a decrease of 14.3% from fiscal year 2005. Excluding the net change in fair value of investments, total revenues were $226.1 million in fiscal year 2006, representing an increase of 10.0%.

- Net operating income, excluding the net change in fair value of investments, was $16.2 million in fiscal year 2006 as compared to $9.3 million in 2005.
- Net assets decreased $30.4 million (8.8%) as of June 30, 2006. Excluding the change in fair value of investments, net assets increased $17.1 million (5.3%) as of June 30, 2006.
- Standard and Poor's Rating Services continued the Commission's AA+ Issuer Credit Rating, with a rating outlook for the intermediate to longer term of stable.

2005 Financial Highlights

- Total assets were $1.7 billion and increased 0.2% from June 30, 2004.
- Fiscal year 2005 mortgage investment purchases and originations totaled $301.1 million as compared to $321.2 million in 2004.
- Bonds and notes issued totaled $283.0 million in 2005 and were $314.9 million in 2004. $229.7 million of the bonds issued in 2005 and $247.3 million in 2004 were rated AAA by Standard & Poor's Rating Services.
- Total revenues were $209.4 million in fiscal year 2005, an increase of 10.9% from fiscal year 2004. Excluding the net change in fair value of investments, total revenues were $205.5 million in fiscal year 2005, representing a decrease of 5.4%.
- Net operating income, excluding the net change in fair value of investments, was $9.3 million in fiscal year 2005 as compared to $9.9 million in 2004.
- Net assets increased $13.3 million (4.0%) as of June 30, 2005. Excluding the change in fair value of investments, net assets increased $9.5 million (3.0%) as of June 30, 2005.
- Standard and Poor's Rating Services continued the Commission's AA+ Issuer Credit Rating, with a rating outlook for the intermediate to longer term of stable.

Financial Position

The following table summarizes the Commission's current, restricted, and non-current assets and liabilities and displays restricted and unrestricted net assets as of June 30, 2006, June 30, 2005, and June 30, 2004.

Condensed Financial Information
Assets, Liabilities, and Net Assets *(In Thousands)*

	June 30,			Change ($)	
	2006	**2005**	**2004**	**2006 vs 2005**	**2005 vs 2004**
Assets					
Current Assets	$ 55,551	$ 38,552	$ 29,483	$ 16,999	$ 9,069
Restricted Investments	405,961	353,637	419,150	52,324	(65,513)
Restricted Mortgage Investments	1,198,204	1,084,961	1,035,752	113,243	49,209
Other Restricted Assets	91,265	80,747	64,574	10,518	16,173
Capital Assets	1,098	928	661	170	267
Other	111,476	120,606	125,859	(9,130)	(5,253)
Total Assets	$ 1,863,555	$ 1,679,431	$ 1,675,479	$ 184,124	$ 3,952
Liabilities					
Current Liabilities	$ 2,178	$ 1,988	$ 1,948	$ 190	$ 40
Current Liabilities - Payable from Restricted Assets	126,657	126,206	134,708	451	(8,502)
Long-term Bonds Payable	1,401,849	1,190,475	1,192,451	211,374	(1,976)
Other	16,128	13,630	12,518	2,498	1,112
Total Liabilities	$ 1,546,812	$ 1,332,299	$ 1,341,625	$ 214,513	$ (9,326)
Net Assets					
Invested in Capital Assets	$ 1,098	$ 928	$ 661	$ 170	$ 267
Restricted	291,977	319,814	311,701	(27,837)	8,113
Unrestricted	23,668	26,390	21,492	(2,722)	4,898
Total Net Assets	$ 316,743	$ 347,132	$ 333,854	$ (30,389)	$ 13,278

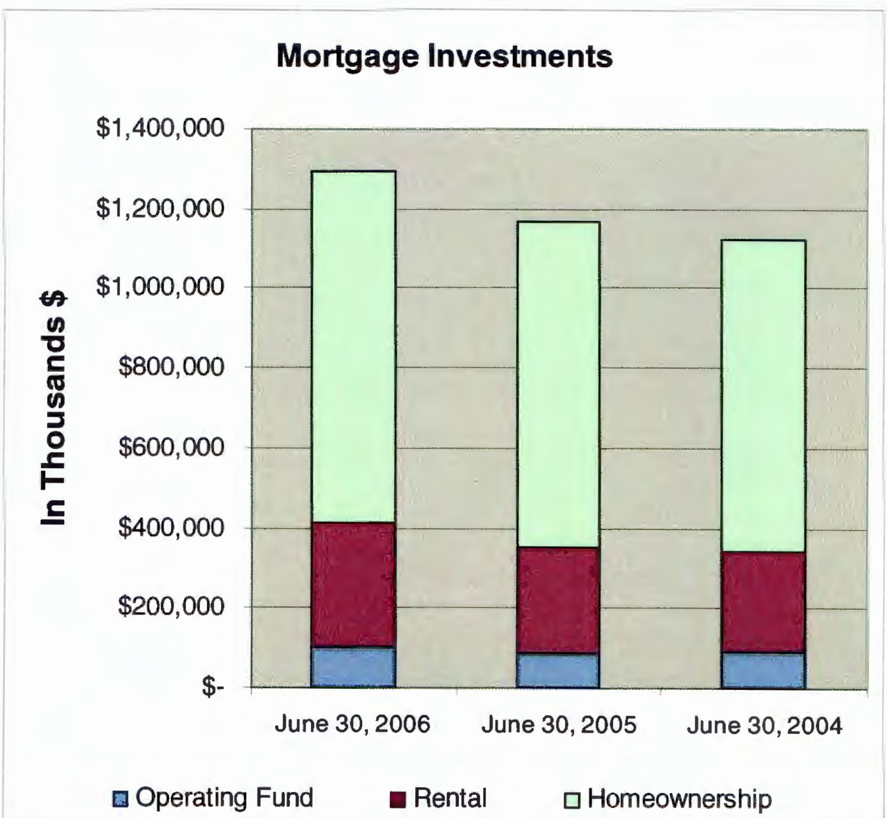
Investments

Investments consist of U.S. government and agency fixed rate securities, guaranteed investment agreement contracts, and overnight repurchase agreements. The Commission's investment policy emphasizes preservation of principal. At June 30, 2006, the Commission had $468.3 million in investments as compared to $424.0 million at June 30, 2005 and $479.1 million at June 30, 2004.

Mortgage Investments

The Commission's mortgage investments increased 11.2% during fiscal year 2006 and 3.8% during fiscal year 2005. Mortgage investments comprise 69.6% of the Commission's total assets at June 30, 2006, as compared to 69.4% at June 30, 2005 and 67.1% at June 30, 2004. GNMA and Fannie Mae mortgage-backed securities (MBS) comprise 68.2% of the Commission's mortgage investments at June 30, 2006, compared to 70.2% at June 30, 2005 and 69.7% at June 30, 2004. In fiscal year 2006, new loans totaled $375.4 million, with prepayment activity and change in fair value resulting in a net increase of $130.5 million in the mortgage investment portfolio as reported. In fiscal year 2005, new loans totaled $301.1 million, with a significant level of prepayment activity and some change in fair value resulting in a net increase of $42.5 million in the mortgage investment portfolio as reported. The Commission's loan portfolio is low-risk, with over 99% of the homeownership loan portfolio being GNMA and Fannie Mae MBS and a significant portion of its bond-financed rental loan portfolio backed by FHA insurance. The Commission's loan loss reserve is 1.6% of total loans at June 30, 2006 (1.8% at June 30, 2005 and 1.7% at June 30, 2004), which is allocated to uninsured loans, Risk-Share loans and related accrued interest on such loans.

The mix of mortgage investments among operating fund loans, rental, and homeownership bond-financed programs at June 30, 2006, June 30, 2005, and June 30, 2004, is depicted in the following chart.



The Commission's rental loan portfolio includes FHA-insured Risk-Share mortgage loans, in which the Commission participates in fifty percent of the insured risk. These loans totaled $173.2 million at June 30, 2006, $149.0 million at June 30, 2005, and $113.8 million at June 30, 2004.

Debt

At June 30, 2006, the Commission had $1.43 billion in bonds and notes outstanding as compared to $1.22 billion outstanding at June 30, 2005 and $1.24 billion outstanding at June 30, 2004.

During fiscal year 2006, new debt resulted from issuance of five series of homeownership mortgage revenue bonds, which totaled $328.0 million, and fourteen rental housing revenue bond series totaling $87.8 million. During fiscal year 2005, new debt resulted from issuance of four series of single family mortgage revenue bonds, which totaled $229.7 million, and eight multifamily housing revenue bonds series totaling $53.4 million. The overall net increase in debt during fiscal year 2006 was primarily due to the increase in bonds issued. The overall net decrease in debt during the fiscal year 2005 was due to bond redemptions that occurred as a result of significant mortgage prepayment activity. For additional information, see Note 6, Bonds and Notes Payable, in the Notes to Financial Statements.

Net Assets

The Commission continues to demonstrate a strong financial position. Excluding the effects of fair value reporting, net worth ratio (net assets as compared to total assets) was 18.1% at June 30, 2006, as compared to 19.6% at June 30, 2005 and 19.0% at June 30, 2004. Excluding unrealized gains and losses, net assets were $342.3 million at June 30, 2006, $325.2 million at June 30, 2005, and $315.7 million at June 30, 2004, representing growth of 5.3% in fiscal 2006, growth of 3.0% in fiscal 2005, and growth of 3.2% in fiscal 2004. Most of the Commission's net assets are restricted for bond requirements and Commission resolutions.

Operating Activities

The following table summarizes the Commission's revenues, expenses, and changes in net assets for 2006, 2005, and 2004.

Condensed Financial Information
Revenues, Expenses, and Changes in Net Assets (In Thousands)

				Change ($)	
	2006	**2005**	**2004**	**2006 vs 2005**	**2005 vs 2004**
Operating Revenues					
Interest and Investment Income	$ 35,717	$ 79,716	$ 48,498	$ (43,999)	$ 31,218
Grants and Federal Assistance	124,649	108,832	116,179	15,817	(7,347)
Other	19,111	20,866	24,143	(1,755)	(3,277)
Total Operating Revenues	179,477	209,414	188,820	(29,937)	20,594
Operating Expenses					
Interest Expense	60,658	59,003	65,373	1,655	(6,370)
Compensation and Administrative Expenses	10,666	10,518	9,804	148	714
Grants and Federal Assistance	124,793	108,781	116,052	16,012	(7,271)
Other	13,749	17,834	16,147	(4,085)	1,687
Total Operating Expenses	209,866	196,136	207,376	13,730	(11,240)
Change In Net Assets	$ (30,389)	$ 13,278	$ (18,556)	$ (43,667)	$ 31,834

While the Commission continues to demonstrate strong financial activity, the economy and market conditions have affected financial results. Overall revenues decreased in fiscal year 2006 due, primarily, to fair value adjustments. Interest and investment income decreased $50.5 million in fiscal year 2006 due to the decrease in the fair value of investments. Conversely, overall revenues increased in fiscal year 2005 due to the increase in the fair value of investments. Interest and investment income increased $32.4 million in fiscal year 2005 due to the increase in the fair value of investments. Excluding the effects of fair value reporting, the change in net assets was an increase of $16.2 million in fiscal year 2006, $9.3 million in fiscal year 2005, and $9.9 million in fiscal year 2004, demonstrating continued financial strength. The return on average equity and the return on average assets, excluding the effects of fair value reporting, were 4.9% and 0.92%, respectively, for fiscal year 2006. This compares to 2.7% and 0.55% for fiscal year 2005.

Revenues

Interest and investment income totaled $35.7 million in 2006 as compared to $79.7 million in 2005 (a decrease of 55.2% in FY2006) and as compared to $48.5 million in 2004 (an increase of 64.4% in FY2005). This income includes a fair value decrease of $46.6 million in 2006, a fair value increase of $3.9 million in 2005, and a fair value decrease of $28.5 million in 2004. During fiscal year 2006 increasing interest rates caused a corresponding decrease in the value of the Commission's portfolio of mortgage-backed securities and other investments. Without the fair value adjustments, interest and investment income rose 8.6% in fiscal year 2006, reflecting the growth in the Commission's asset base and increase in interest rates and earnings as compared to the prior year. During fiscal year 2005, declining interest rates caused a corresponding increase in the value of the Commission's portfolio of mortgage-backed securities and other investments. Without the fair value adjustments, interest and investment income declined 1.5% in fiscal year 2005, reflecting the decline in interest rates and earnings on the Commission's asset base as compared to the prior year. Depending on future financial markets, interest rate fluctuations are expected to have continuing material effects on the Commission's financial statements.

Grants And Federal Assistance

Federal and state grant program revenues and expenses represent funds received and disbursed relating to projects funded by the U.S. Department of Housing and Urban Development (including Section 8 Contract Administration and HOME Investment Partnership) and other federal and state programs totaling $124.7 million in fiscal year 2006 as compared to $108.8 million in fiscal year 2005 and $116.2 million in fiscal year 2004. The fiscal year 2006 increase and fiscal year 2005 decrease in Grants & Federal Assistance is largely the result of timing of disbursements for funds awarded from the HOME Investment Partnership program. These programs, along with federal and state tax credit programs, are integral to the Commission's achievement of its objectives. The Commission continues to take advantage of federal government programs that serve its mission by utilizing those that provide resources that leverage its net assets and other resources to finance affordable rental and owner-occupied housing for Missourians.

Expenses

Interest costs were $60.7 million for 2006 as compared to $59.0 million for 2005 (an increase of 2.8% in FY2006) and $65.4 million for 2004 (a decrease of 9.7% in FY2005). The fiscal year 2006 increase is primarily attributable to the overall increase in the level of debt outstanding. The fiscal year 2005 decrease resulted from redemptions of higher rate bonds that occurred primarily as a result of loan prepayments, lower rates on newer debt issues and the overall decrease in the level of debt outstanding during that period.

Beyond the costs associated with debt financing, the Commission's chief operating costs consist of compensation, facilities rent, information systems, professional services, and travel expenses. These costs totaled $10.7 million in 2006 ($10.5 million in 2005 and $9.8 million in 2004). Excluding the net change in the fair value of investments, these costs represented 4.7% of revenues in 2006 as compared to 5.1% in 2005 and 4.5% in 2004.

Contacting MHDC's Financial Management

This financial report is designed to provide the Commission's stakeholders with a general overview of the Commission's finances and to demonstrate accountability of resources. If you have questions about this report or need additional financial information, contact Timothy Bradley, Chief Financial Officer, Missouri Housing Development Commission, 3435 Broadway, Kansas City, Missouri 64111 or visit our website at www.mhdc.com.

MISSOURI HOUSING DEVELOPMENT COMMISSION

BALANCE SHEET
Page 1 Of 2
(In Thousands)

Assets

	June 30, 2006	2005
Current Assets		
Cash and temporary cash investments	$ **4,242**	$ 5,629
Investments	**27,066**	22,640
Mortgage investments	**22,217**	8,320
Accrued interest receivable	**1,645**	1,585
Accounts receivable - other	**336**	268
Prepaid expenses	**45**	110
Total Current Assets	**55,551**	38,552
Noncurrent Assets		
Restricted Assets:		
Cash and temporary cash investments	**42,786**	39,790
Investments	**405,961**	353,637
Mortgage investments	**1,198,204**	1,084,961
Accrued interest receivable	**8,792**	7,410
Deferred financing charges	**39,687**	33,547
Total Restricted Assets	**1,695,430**	1,519,345
Investments	**35,269**	47,711
Mortgage investments, net of current portion and allowances for loan losses ($21,150 in 2006 and $20,701 in 2005)	**76,207**	72,895
Capital assets, less accumulated depreciation	**1,098**	928
Total Noncurrent Assets	**1,808,004**	1,640,879
Total Assets	**$ 1,863,555**	$ 1,679,431

MISSOURI HOUSING DEVELOPMENT COMMISSION

BALANCE SHEET
Page 2 Of 2
(In Thousands)

Liabilities And Net Assets

	June 30, 2006	2005
Liabilities		
Current Liabilities		
Bonds and notes payable	$ 525	$ 525
Accounts payable	861	772
Deferred financing and commitment fees	792	691
Total Current Liabilities	2,178	1,988
Current Liabilities - Payable From Restricted Assets		
Bonds and notes payable	27,868	33,486
Accrued interest payable	21,870	19,166
Escrow deposits	73,121	69,018
Rent subsidies and other payables	1,735	1,411
Accounts payable	853	1,819
Deferred financing and commitment fees	1,210	1,306
Total Current Liabilities - Payable From Restricted Assets	126,657	126,206
Noncurrent Liabilities - Payable From Restricted Assets		
Bonds and notes payable	1,401,849	1,190,475
Deferred financing and commitment fees	16,128	13,630
Total Noncurrent Liabilities - Payable From Restricted Assets	1,417,977	1,204,105
Total Liabilities	1,546,812	1,332,299
Net Assets		
Invested in capital assets	1,098	928
Restricted by the Commission, bond resolution and State Statute	291,977	319,814
Unrestricted	23,668	26,390
Total Net Assets	316,743	347,132
Total Liabilities And Net Assets	$ 1,863,555	$ 1,679,431

See the accompanying notes to financial statements.

MISSOURI HOUSING DEVELOPMENT COMMISSION

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

	For The Years Ended June 30, 2006	2005
Operating Revenues		
Interest and investment income:		
Income - mortgage investments	$ 65,975	$ 62,547
Income - investments	16,328	13,229
Net increase (decrease) in fair value of investments	(46,586)	3,940
Total interest and investment income	35,717	79,716
Administration fees	6,978	6,596
Financing fees and other	12,133	14,270
Federal program income	124,649	108,832
Total Operating Revenues	179,477	209,414
Operating Expenses		
Interest expense on bonds	60,658	59,003
Bank miscellaneous bond debt expense	4,567	4,303
Compensation	7,431	7,318
General and administrative expenses	3,235	3,200
Provision for loan and real estate owned losses	1,075	2,220
Rent and other subsidy payments	2,299	5,247
Housing Trust Fund grants	5,808	6,064
Federal program expenses	124,793	108,781
Total Operating Expenses	209,866	196,136
Increase (Decrease) In Net Assets	(30,389)	13,278
Net Assets - Beginning Of Year	347,132	333,854
Net Assets - End Of Year	$ 316,743	$ 347,132

See the accompanying notes to financial statements.

MISSOURI HOUSING DEVELOPMENT COMMISSION

STATEMENT OF CASH FLOWS
Page 1 Of 2
(In Thousands)

	For The Years Ended June 30, 2006	2005
Cash Flows From Operating Activities		
Interest income on mortgage loans	**$ 65,702**	$ 62,367
Fees, charges and other	**14,568**	15,419
Principal repayments on mortgage loans	**201,356**	258,387
Federal revenue	**131,951**	114,935
Federal expenses	**(124,793)**	(108,781)
Purchases of mortgage loans	**(375,399)**	(301,067)
Cash payments for compensation and administrative costs	**(17,810)**	(17,955)
Net Cash Provided By (Used In) Operating Activities	**(104,425)**	23,305
Cash Flows From Investing Activities		
Proceeds from sale of investments	**844,625**	1,033,135
Purchases of investments	**(892,335)**	(988,272)
Interest received on investments	**15,159**	13,668
Increase (decrease) in securities purchased under agreements to resell	**(43)**	12,246
Net Cash Provided By (Used In) Investing Activities	**(32,594)**	70,777
Cash Flows From Noncapital Financing Activities		
Retirement of principal on bonds	**(275,948)**	(436,066)
Proceeds from issuance of bonds	**487,253**	428,164
Deferred financing charges paid	**(12,841)**	(10,943)
Change in escrow deposits	**4,103**	5,403
Interest paid on bonds	**(63,503)**	(66,078)
Net Cash Provided By (Used In) Noncapital Financing Activities	**139,064**	(79,520)
Cash Flows Used In Capital And Related Financing Activities		
Payments for capital assets	**(436)**	(483)
Net Increase In Cash And Cash Equivalents	**1,609**	14,079
Cash And Cash Equivalents - Beginning Of Year	**45,419**	31,340
Cash And Cash Equivalents - End Of Year	**$ 47,028**	$ 45,419

See the accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Page 2 Of 2

(In Thousands)

	For The Years Ended June 30, 2006	2005
Reconciliation Of Increase (Decrease) In Net Assets To Net Cash Provided By (Used In) Operating Activities:		
Increase (decrease) in net assets	$ **(30,389)**	$ 13,278
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	**267**	217
Net (increase) decrease in fair value of investments	**46,586**	(3,940)
Income - mortgage investments	**(65,975)**	(62,547)
Income - investments	**(16,328)**	(13,229)
Amortization of financing charges	**6,701**	8,575
Provision for loan and real estate owned losses, net of charges-off loans	**449**	2,074
Interest expense related to bonds	**60,658**	59,003
Repayment of principal on mortgage loans receivable	**201,356**	258,387
Mortgage and construction loans disbursed	**(375,399)**	(301,067)
Interest received on mortgage investments	**65,702**	62,367
Change in assets and liabilities:		
Increase in accounts receivable - other	**(68)**	(62)
Decrease in prepaid expenses	**65**	—
Increase (decrease) in rent subsidies and other payables	**324**	(493)
Decrease in accounts payable	**(877)**	(469)
Increase in deferred financing and commitment fees	**2,503**	1,211
Net Cash Provided By (Used In) Operating Activities	$ **(104,425)**	$ 23,305

1. Authorizing Legislation

The Missouri Housing Development Commission (the Commission) is a body corporate and politic established on October 13, 1969 by Chapter 215 of the Missouri State Statutes. In accordance with the provisions of Chapter 215 and resolutions of the Commission, the Commission is authorized to make or purchase mortgage loans that are uninsured, partially insured, or insured or guaranteed by the federal government and to insure mortgage loans, the funds of which are to be used to develop new or rehabilitated low- and moderate-income housing. The Commission is also authorized to issue bonds for making or purchasing such loans. The outstanding balance of bonds applicable to loans not insured or guaranteed by a federal agency or to bonds rated lower than "AA" by rating agencies at the time of issuance shall not exceed $200,000,000. At June 30, 2006 and 2005, the Commission had $67,425,000 and $21,220,000, respectively, of bonds outstanding applicable to loans that are not so insured or guaranteed or to bonds that are not so rated. Bonds issued by the Commission are not an obligation of the State of Missouri.

2. Summary Of Significant Accounting Policies

Reporting Entity

Governmental Accounting Standards establish the criteria used in determining which organizations should be included in the Commission's financial statements. Generally accepted accounting principles require the inclusion of the transactions of government organizations for which the Commission is financially accountable.

The extent of financial accountability is based upon several criteria including: appointment of a voting majority of the governing body, imposition of will, financial benefit to or burden on a primary government and financial accountability as a result of fiscal dependency.

The Missouri Housing Trust Fund has been designated as a blended component unit of the Commission. The Missouri Housing Trust Fund is authorized by section 215.034, RSMo. Separate financial statements for the Missouri Housing Trust Fund may be obtained through the Commission.

Pursuant to the requirements of the Governmental Accounting Standards Board (GASB), the Commission is considered a related organization of the State of Missouri for financial reporting purposes. Accordingly, the Commission is included as a footnote disclosure in the State of Missouri's comprehensive annual financial report.

Measurement Focus And Basis Of Accounting

For financial reporting purposes, the Commission reports its operations as a single enterprise fund. Accordingly, the accounting records are maintained on the accrual basis of accounting and all interfund transactions are eliminated. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The Commission's financial statements are prepared using the flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Commission are included on the balance sheet. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Revenues and expenses are typically divided into operating and nonoperating items. Operating revenues generally result from providing services in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are derived from the investment income from loans and investments, financing fees and other charges related to providing financing for affordable housing through mortgage loans. Operating expenses consist primarily of interest expense on bonds outstanding. All revenues and expenses not meeting these definitions would be reported as nonoperating revenues and expenses. The Commission has no nonoperating activities.

The Commission follows all Governmental Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principal Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Commission has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 as prescribed by GASB Statement No. 20.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

During 2005, the Commission adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3* (GASB 40). The adoption of GASB 40 modifies certain financial statement disclosure requirements. The new standard enhances the deposit and investment risk disclosures by updating the custodial credit risk disclosure requirements of GASB 3 and addressing other common risks, including concentrations of credit risk, interest rate risk and foreign currency risk. The implementation of GASB 40 had no effect on financial statement amounts.

Cash And Investments

As required by GASB Statement No. 31, *Accounting for and Financial Reporting for Certain Investments and External Investment Pools*, securities purchased under agreements to resell, U.S. government and agency securities, and mortgage-backed securities are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers or brokers, investment bankers or statistical services on the valuation date. For the year ended June 30, 2006, the net decrease in fair value of investments was $46,586,000. For the year ended June 30, 2005, the net increase in fair value of investments was $3,940,000. Without the recognition of this element of investment income, the Commission's change in net assets would have been $16,197,000 in 2006 and $9,338,000 in 2005.

Cash And Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and on deposit and temporary investments with an original maturity of three months or less.

Mortgage Investments

Proceeds from the sale of bonds are used to make or purchase mortgage loans and to purchase Government National Mortgage Association (GNMA) and Fannie Mae mortgage-based securities. Advances made on such loans during the construction period of related housing units are recorded as construction loans and are transferred to mortgage loans upon final endorsement after construction completion. Mortgage and construction loans are reported at cost, while GNMA and Fannie Mae mortgage-backed securities are reported at fair value as determined by external investment custodians and quoted market prices.

Allowance For Loan Losses

The allowance for loan losses is for uninsured loans, Risk-Share loans and related accrued interest on such loans. The allowance is management's estimate of uncollectible loans and related accrued interest and is based on existing payment conditions, prior experience and such other factors that, in management's opinion, require consideration. For financial statement presentation, the allowance for loan losses has been netted against the noncurrent portion of mortgage and construction loans.

Deferred Financing Charges

Costs of issuance of bonds are deferred and amortized over the life of the related issue using the outstanding bond method, which approximates the effective interest method.

Original Issue Discounts/Premiums

Original issue discounts/premiums on bonds are amortized/accredited using the outstanding bond method over the life of the bonds to which they relate.

Capital Assets

Equipment consists of leasehold improvements, office furniture and equipment, which are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from three to nine years. The Commission defines capital assets as assets with an initial, individual cost of more than $750 and an estimated useful life in excess of one year.

Net Assets

Net assets are classified as follows:

Invested in Capital Assets: This component of net assets consists of capital assets, net of accumulated depreciation.

Restricted: This component of net assets consists of restrictions placed on net asset use through external constraints imposed by creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net assets consists of net assets that do not meet the definition of restricted or invested in capital assets.

Fees, Charges And Expenses

Financing fees are deferred and recorded as income over the life of the related bond issuance, which approximates the life of the related mortgage loans.

Service and other fees and charges are recorded as income when earned and the associated administrative expenses are recorded as incurred. Operating expenses identifiable to a particular program are charged directly to the program. All other operating expenses are accounted for by the Commission in the Operating Fund.

Federal Assistance And Grants

The Commission administers grants and federal assistance programs, representing "pass-through" financial assistance, on the behalf of secondary recipients. In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the Commission recognizes financial activity related to pass-through grants and financial assistance as revenues and expenses of the Commission.

Grants received from federal, state and local governments are recognized as operating revenue as the related expenditures are incurred in accordance with GASB No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions.*

Debt Refunding

For current refundings and advance refundings resulting in defeasance of debt reported by proprietary activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter, using the bonds outstanding method. The deferred refunding amounts are classified as a component of bonds payable in the financial statements.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

3. Description Of Funds Or Programs

The following describes the funds or programs maintained by the Commission, all of which conform to Chapter 215 of the Missouri State Statutes and the respective bond resolutions.

Operating Fund

Funding of the Operating Fund on an ongoing basis is derived principally from allowable transfers from other funds, fees earned for administering various U. S. Department of Housing and Urban Development (HUD) programs, and interest income from Operating Fund investments and mortgage loans. Mortgage and construction loans in the Operating Fund are collateralized by deeds of trust on the related properties, including approximately $1,786,000 and $2,092,000 at June 30, 2006 and 2005, respectively, which are insured by HUD or guaranteed by the Veterans Administration (VA). Authorized activities of the Operating Fund include the following:

Payment of general and administrative expenses and other costs not payable by other funds of the Commission;

Financing rental or homeownership residential housing units from accumulated fund balances, if financing of such units is not provided for under existing bond indentures; and,

Those activities deemed necessary to fulfill the Commission's corporate purposes for which special funds are not established.

Rental Bond-Financed Program Fund

The Commission's Rental Bond-Financed Program Fund was established to account for the proceeds from the bond sales, debt service requirements, and the related mortgage loans and mortgage-backed securities on eligible rental developments. All loans, with the exception of most of the loans financed by conduit Rental Housing Revenue Bonds, are insured by HUD. Uninsured conduit loans, which totaled $79,096,000 and $33,175,000 at June 30, 2006 and 2005, respectively, are financed by the borrowers with limited obligation revenue bonds which are denoted by "**" in Note 6.

Homeownership Bond-Financed Program Fund

The Commission's Homeownership Bond-Financed Program Fund was established to account for the proceeds from the sale of bonds, debt service requirements and the related mortgage loans and mortgage-backed securities on eligible owner-occupied units. All loans are either insured by the Federal Housing Administration or qualified private mortgage insurers or guaranteed by the VA.

4. Cash And Investments

A summary of cash and investments as of June 30, 2006 and 2005 is as follows *(in thousands)*:

	2006		2005	
	Cost	**Fair Value**	Cost	Fair Value
Cash and temporary investments	**$ 25,454**	**$ 25,454**	$ 25,828	$ 25,828
Money Market funds	**21,574**	**21,574**	19,591	19,591
Securities purchased under agreements to resell	**5,231**	**5,231**	5,188	5,188
U.S. Treasury Bonds and Notes and agency obligations	**199,907**	**195,748**	193,082	193,316
Guaranteed investment contracts	**267,317**	**267,317**	225,484	225,484
	$ 519,483	**$ 515,324**	$ 469,173	$ 469,407

Investment Policy

General

The Commission's Investment Policy and Guidelines are formalized in its Resolution No. 925. This policy applies to its investments that are not held by a trustee in connection with bond or note issues. This policy permits the Commission to invest in obligations of the State of Missouri, obligations of the United States of America, obligations issued or guaranteed by certain agencies of the Federal government, certain collateralized repurchase agreements, and certificates of deposit. The general policy of the Commission is to make investments for future funding requirements and not for trading purposes. At June 30, 2006, all of the Commission's general investments (nonbond related investments) were in compliance with the Commission's Investment Policy and Guidelines.

Indentures

The Commission's Bond Indentures permit investments in the direct obligations of, or obligations guaranteed by, the United States of America; certificates of deposit; investment agreements and certain other investments permitted by applicable law. At June 30, 2006, all investments of debt-related issues held by the Commission's trustees were in compliance with the requirements of the Indentures.

Investment Types And Maturities

As of June 30, 2006, the Commission had the following investments and maturities (amounts are in thousands):

		Investment Maturities (In Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**	**More Than 10**
Money Market funds	$ 21,574	$ 21,574	$ —	$ —	$ —
Repurchase agreement	5,231	5,231	—	—	—
U.S. Treasuries	8,227	3,005	314	71	4,837
U.S. Agencies	187,521	75,374	84,952	27,195	—
Guaranteed investment contracts	267,317	89,861	74,272	16,501	86,683
	$ 489,870	$ 195,045	$ 159,538	$ 43,767	$ 91,520

The Commission's Investment Policy and Guidelines limit investments for general funds in repurchase agreements to 90 days and U.S. Treasury and U.S. Agency securities to 10 years. The demand repurchase agreement is collateralized by obligations of the United States of America or its agencies, and has a one-day demand of funds provision exercisable at the Commission's option. The bond resolutions and indentures allow for investments in obligations of the United States of America and investment agreements for the terms specified in these documents, generally 30 years.

Credit Risk

The following table (in thousands of dollars) provides information on the credit ratings associated with the Commission's investments in debt securities, excluding obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government at June 30, 2006.

	S&P	Moody's	Fair Value
Money Market funds	AAAm	Aaa	$ 21,574
U.S. Agency Bonds	AAA	Aaa	187,521
Guaranteed investment contracts	unrated	unrated	267,317
			$ 476,412

Although the guaranteed investment contracts are unrated, it is the Commission's policy to enter into guaranteed investment contracts with companies with a short-term rating assigned by S&P of at lease "A-1+" and a claims-paying ability rating by S&P of at least "AA-." All providers met those guidelines as of June 30, 2006, except for one for which the agreement was collateralized in accordance with the Commission's policy.

Concentration Of Credit Risk

The Commission places no limit on the amount the Commission may invest in any one issuer with respect to U.S. Treasury Securities and U.S. Government Agency Securities. Obligations of the State of Missouri and collateralized certificates of deposit are limited to 60% of the nonbond fund portfolio, each; and collateralized repurchase agreements are limited to 50% of the nonbond fund portfolio. The following table lists investments in issuers that represent 5% or more of total investments at June 30, 2006:

Issuer	Percent Of Total Investments
Bayerische Landesbank Girozentrale Guaranteed Investment Contracts	5.84%
DEPFA Bank Guaranteed Investment Contracts	19.84%
Transamerica Life Insurance Company Guaranteed Investment Contracts	14.10%
Federal Home Loan Bank	20.43%
Federal Home Loan Mortgage Corporation	8.40%
Federal National Mortgage Association	5.81%

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the Commission addresses custodial credit risk by pre-qualifying institutions with which the Commission places investments, diversifying its investment portfolio and maintaining a standard of quality for its investments.

Investments in U.S. government and agency securities are carried at fair value. At June 30, 2006 and 2005, securities approximating $190,527,000 and $188,835,000, respectively, are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Commission's name.

For deposits, custodial credit risk is the risk that in the event of a bank failure, the Commission may not be able to recover its deposits. Protection of the Commission's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution or by a single collateral pool established by the financial institution.

5. Mortgage Investments

The Homeownership Bond-Financed Program requires that mortgage loans be made to borrowers whose household income does not exceed the State-wide median income, based on family size. Section 143 of the Internal Revenue Code specifies certain requirements with respect to the nature of the residence, mortgage and eligibility of the borrower. The Homeownership Bond-Financed Program provides funding for mortgage loans that are FHA insured, VA guaranteed, USDA/RD guaranteed or Fannie Mae-qualified conventional loans.

The Rental Bond-Financed Program provides long-term financing for rental housing developments for occupancy by families and persons of low and moderate incomes. The Commission has entered into a Risk Sharing Agreement with the U.S. Department of Housing and Urban Development (HUD), which permits the Commission to participate in HUD's Risk-Share Program. In accordance with the terms of this agreement, HUD will insure certain mortgage loans on rental housing developments (FHA-insured "Risk-Share Mortgage Loans") and the Commission will underwrite the Risk-Share Mortgage Loans following its underwriting guidelines. HUD will insure the Risk-Share Mortgage Loans and will bear 50% of the risk and the Commission will bear the remaining 50% of the risk. The Commission had Risk-Share Mortgage Loans totaling $173,169,000. representing 35 loans, as of June 30, 2006 and $148,997,000, representing 28 loans, as of June 30, 2005.

The proceeds of the 1995 through 2006 Homeownership Bond-Financed Program, as well as proceeds of the Rental Housing Revenue Bonds and the Homeownership Mortgage Revenue Bonds as listed below, were used to purchase GNMA and Fannie Mae certificates collateralized by mortgage loans approved in accordance with the guidelines of the Commission's mortgage programs. The financing periods of the mortgage loans financed by the Homeownership and Rental Programs are 30 years Mortgage-backed securities have repayments based on the underlying pooled mortgages and are subject to prepayment. The financing rates related to the mortgage-backed securities at June 30, 2006, are as follows:

Issue	Mortgage Rate	Certificate Rate
Rental Housing Revenue Bonds		
June 1, 1989 Series A	6%	5.75%
Series 1999	6.185%	5.185%
Series 2002 G	6.9%	6.65%
2005 Series I-A	5.85%	5.6%
Homeownership Mortgage Revenue Bonds		
Issue of November 1, 1986	8.25%	7.75%
1988 Series A	8.7%	8.2%
1988 Series B	8.8%	8.3%
1988 Series C	8.8%	8.3%
Homeownership Loan Program (1995 Indenture)		
1995 Series B	6.5%, 7.65%	6%, 7.15%
1995 Series C	7.75%	7.25%
1995 Series D	6.55%, 7.45%	6.05%, 6.95%
1996 Series A	7.72%	7.22%
1996 Series B	8%	7.5%
1996 Series C	7.87%	7.37%
1996 Series D	6.54%, 7.54%	6.04%, 7.04%
1997 Series A	6.3%, 6.85%, 7.85%	5.8%, 6.35%, 7.35%
1997 Series A-4	6.84%	6.34%
1997 Series B	6.31%, 7.31%	5.81%, 6.81%
1997 Series C	7.35%	6.85%
1998 Series B	6.1%, 7%, 7.35%	5.6%, 6.5%, 6.85%
1998 Series D	6.05%, 6.67%, 6.95%, 7%	5.55%, 6.17%, 6.45%, 6.5%
1998 Series E	5.9%, 6.67%	5.4%, 6.17%
1999 Series A	5.87%, 6.62%	5.37%, 6.12%
1999 Series B	6.25%, 7.1%	5.75%, 6.6%
1999 Series C	6.77%, 7.62%	6.27%, 7.12%
2000 Series A	7.03%, 7.93%	6.53%, 7.43%
2000 Series B	6.97%, 7.87%	6.47%, 7.37%
2000 Series C	6.6%, 7.5%	6.1%, 7%
2001 Series A	6.1%, 6.85%	5.6%, 6.35%
2001 Series B	6.16%, 6.91%	5.66%, 6.41%
2001 Series C	5.5%, 6.4%, 8.25%	5%, 5.9%, 7.75%

Issue	Mortgage Rate	Certificate Rate
2002 Series A	6.05%, 6.84%	5.55%, 6.34%
2002 Series B	6.08%, 6.65%, 6.83%	5.58%, 6.15%, 6.33%
2002 Series C	5.2%, 6.1%, 6.79%	4.7%, 5.6%, 6.29%
2003 Series A	5.42%, 6.27%	4.92%, 5.77%
2003 Series B	5.25%, 5.85%, 6.09%, 7.45%	4.75%, 5.35%, 5.59%, 6.95%
2003 Series C	5.99%	5.49%
2003 Series D	5.08%, 6.08%	4.58%, 5.58%
2004 Series A	4.95%, 5.65%, 7.3%	4.45%, 5.15%, 6.8%
2004 Series B	5.9%, 5.95%, 6.6%	5.4%, 5.45%, 6.1%
2004 Series C	5.7%, 5.95%, 6.3%	5.2%, 5.45%, 5.8%
2004 Series D	5.875%	5.375%
2005 Series A	5.4%, 5.9%, 7.99%	4.9%, 5.4%, 7.49%
2005 Series B	5.6%, 6.1%	5.1%, 5.6%
2005 Series C	5.3%, 5.8%, 6.9%	4.8%, 5.3%, 6.4%
2005 Series D	5.6%, 6.125%	5.1%, 5.625%
2006 Series A	5.65%, 6.15%	5.15%, 5.65%
2006 Series B	5.75%, 6.25%	5.25%, 5.75%

GNMA and Fannie Mae certificates, which are included in mortgage investment balances, are presented in the balance sheet at fair value in accordance with GASB Statement No. 31. All other loans included in mortgage investments are carried at cost. The following summarizes the carrying value and cost of mortgage investments:

	2006		2005	
	Carrying Value	**Cost**	Carrying Value	Cost
GNMA and Fannie Mae mortgage-backed securities	**$ 884,374**	**$ 905,783**	$ 818,090	$ 796,357
Other mortgage loans	**433,404**	**433,404**	368,787	368,787
	$ 1,317,778	**$ 1,339,187**	$ 1,186,877	$ 1,165,144

During 2006 and 2005, the Commission realized a net gain of $948,000 and $124,000, respectively, from the sale of investments. The calculation of realized gains and losses is independent of the calculation of net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in fair value of investments reported in a prior year. The net decrease in fair value was $46,586,000 in 2006 and the net increase in fair value was $3,940,000 in 2005. This amount takes into account all changes in fair value (including purchases and sales) that occurred during each respective year. The unrealized gain (loss) on investments held at June 30, 2006 and 2005 was ($25,568,000) and $21,967,000, respectively.

6. Bonds And Notes Payable

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2006 (in thousands):

	Balance June 30, 2005	Increases	Decreases	Balance June 30, 2006	Amount Due Within One Year
Operating - notes payable	$ 3,090	$ —	$ (525)	$ 2,565	$ 525
Rental bond - financed program	270,988	87,771	(38,530)	320,229	12,836
Homeownership bond - financed program	924,207	387,160	(236,893)	1,074,474	9,680
	$ 1,198,285	$ 474,931	$ (275,948)	$ 1,397,268	$ 23,041

The net proceeds of bond issues are used to provide financing for rental bond financed housing projects or for homeownership residential housing units. The bond proceeds are deposited with and invested by various bank trust departments in qualified investments until required for such financing. These bonds are obligations of the Commission and are not liabilities of the State of Missouri. A summary of bonds payable outstanding at June 30, 2006 and 2005 follows *(in thousands)*:

	Original Amount Authorized	Outstanding 2006	Outstanding 2005
Rental Bond - Financed Program			
Series March 15, 1977 (6%), due 2020	$ 30,000	**$ 1,675**	$ 6,210
1979 Series A (7%), redeemed 2005	32,400	—	1,365
1979 Series B (7%), redeemed 2005	43,500	—	2,085
Series September 1, 1980 (9.750% to 10%), redeemed 2006	15,500	—	2,165
Series June 1, 1988 (8.1% to 8.5%), due 2008 - 2029	3,905	**1,450**	1,485
Series 1989A Wyatt Park (7.125% to 7.375%), due 2009 - 2030*	965	**835**	850
Series September 1, 1989 Westminster Place (9.25%), due 2030	1,845	**1,540**	1,570
Series March 1, 1991 Longfellow Heights (10%), due 2031	1,685	**1,590**	1,600
Series June 15, 1992 (6.35% to 6.6%), redeemed 2005	10,240	—	1,685
Series November 15, 1992 (6.3% to 6.6%), redeemed 2005	43,340	—	885
Series 1995A Primm Place (5.5% to 6.25%), redeemed 2005**	2,825	—	2,150
Series November 15, 1996 (7.1% to 8.05%), due 2006 - 2038	3,540	**3,270**	3,310
Series 1996A Truman Farm Villas (5.75% to 6.2%), due 2011 -2028**	7,700	**5,990**	6,135
Series 1996A Brookstone Village (5.25% to 6.2%), due 2006 - 2028**	8,400	**7,270**	7,420
Series 1998 (4.70% to 5.45%), defeased 2006	9,045	—	6,475
Series 1999 O'Fallon Place Apts. (4.1% to 5.25%), due 2006 - 2032*,**	6,710	**6,040**	6,130
Series 1999 The Mansion Apts. Phase II (6.125% to 6.17%), due 2022 - 2032**	6,730	**6,380**	6,460
Series 1999 East Hills Village Apts. (7.3%), due 2030**	2,750	**2,645**	2,680
2000 Series 1 (5.30% to 6.1%), due 2006 - 2031	11,540	**10,260**	10,425
2001 Series I (4.10% to 5.25%), due 2006 - 2027	21,780	**10,025**	10,830
2001 Series II (4.2% to 5.5%), due 2006 - 2023	46,360	**22,520**	24,180
2001 Series III (4.0% to 5.25%), due 2006 - 2021	22,850	**5,260**	10,140
2001 Series 1A (3.8% to 5.375%), due 2006 - 2033	7,300	**5,050**	5,165
2001 Series 2A (5.25% to 5.3%), due 2021 - 2032	3,800	**3,565**	3,625
Series 2002 G JB Hughes Apts. I & II (6.2% to 6.3%), due 2019 - 2037*,**	2,550	**2,468**	2,493
Series 2002 H JB Hughes Apts. I & II (6.9%), due 2038**	450	**450**	450
2002 Series 1 Bevo-Bavarian (5.3% to 5.55%), due 2017 - 2038	12,890	**12,615**	12,755
2002 Series 2 Columbia Square Townhomes (5.2% to 5.3%), due 2022 - 2034	4,440	**3,630**	3,710
2002 Series 4 Hawthorne Place Apts. (5.15% to 5.2%), due 2022 - 2034	20,505	**14,370**	14,590

	Original Amount Authorized	Outstanding 2006	2005
Rental Bond - Financed Program *(Continued)*			
2003 Series 1 Pevely Square Apts. (5.2% to 5.3%), due 2023 - 2034	$ 5,105	$ **2,625**	$ 2,665
2003 Series 2 Parkview Place Apts. (2.125% to 5.25%), due 2006 - 2035	5,715	**5,410**	5,640
2003 Series 3 Hyder Elderly Apts. (2.250% to 5.625%), due 2006 - 2040	3,965	**3,920**	3,965
2003 Series 4 Ridge Crest Apts. (4.6% to 5.45%), due 2013 - 2035	3,925	**2,770**	2,850
2003 Series 5 Kensington Heights Apts. (2% to 5.28%), due 2006 - 2040	5,075	**5,015**	5,075
2003 Series 6 Historic Ellison Apts. (1.7% to 5%), due 2006 - 2035	5,280	**2,210**	2,245
2003 Series 7 Autumn House/Jefferson Manor (4.3% to 5.1%), due 2013 - 2035	4,695	**4,625**	4,695
2003 Series 8 Stratford Commons (2.0% to 5.2%), due 2006 - 2035	4,385	**2,250**	2,285
2003 Series 9 Rural Development Apts. Projects (4.35% to 5.1%), due 2013 - 2034	8,590	**3,550**	3,610
2003 Series 10 Hidden Valley Apts. (2.05% to 5.1%), due 2006 - 2036	10,880	**10,815**	10,880
2004 Series 1 Hickory Townhomes (4.05% to 4.95%), due 2018 - 2036	3,160	**3,145**	3,160
2004 Series 2 Winter Garden Apts. (2.0% to 4.95%), due 2006 - 2035	4,190	**4,130**	4,190
2004 Series 3 Woodlen Place Apts. (5.1% to 5.33%), due 2018 - 2035	1,800	**1,335**	1,350
2004 Series 4 Festus Gardens Apts. (5.25%), due 2036	5,990	**4,445**	5,990
2004 Series 5 FP-San Remo Apts. (3.10% to 5.45%), due 2006 - 2036	3,785	**2,355**	3,785
2004 Series 6 Allen Market Lane Apts. (4.7% to 5.15%), due 2018 - 2036	6,735	**3,665**	6,735
Series 2004 Bridgeport Apts. (6.6%), due 2041**	6,580	**6,580**	6,580
2005 Series 1 St. Louis Brewery Apts. (2.55% to 4.9%), due 2006 - 2036	8,125	**8,125**	8,125
2005 Series 2 Meadowglen Apts. (2.7% to 4.85%), due 2007 - 2042	8,540	**8,540**	8,540
2005 Series 3 Olde Oak Tree & Landmark Towers (2.6% to 4.8%), due 2006 - 2036	6,520	**6,270**	6,520
2005 Series 4 Park Place Apts. (2.9% to 4.7%), due 2007 - 2037	10,330	**10,330**	10,330
2005 Series 5 Hawkins Village Apts. (3.30% to 5.0%), due 2007 - 2042	5,335	**5,335**	—
2005 Series 6 Ivanhoe Gardens Apts. (3.375% to 4.875%), due 2007 - 2036	4,240	**4,240**	—
2005 Series I-A and I-B Lakewood Apts. (5.25%), due 2035*,**	2,750	**1,450**	2,750
2005 Series II ChapelRidge of St. Joseph (6.3%), due 2047 **	7,150	**7,150**	—
2005 Series III ChapelRidge of Union (6.4%), due 2047**	6,375	**6,375**	—
2005 Series IV ChapelRidge of Blue Springs (6.40%), due 2047**	9,800	**9,800**	—
2006 Series 1 Meadow Ridge Townhouses (3.6% to 5.0%), due 2007 - 2037	6,360	**6,360**	—
2006 Series 2 Ashley Park Apts. (3.550% to 4.875%), due 2007 - 2037	7,290	**7,290**	—
2006 Series 3 Eureka & Wendell Apts. (3.650 to 5.0%), due 2007 - 2047	3,165	**3,165**	—
2006 Series 4 Justin Place Apts. (3.850% to 5.0%), due 2007 - 2042	5,640	**5,640**	—
2006 Series 5 Metropolitan Village Apts. (3.9% to 5.0%), due 2008 - 2038	5,960	**5,960**	—
2006 Series I Bainbridge Apts. (5.75%), due 2010 - 2016**	15,046	**5,946**	—
2006 Series II Georgian Court Apts. (5.75%), due 2010 - 2048**	8,721	**8,071**	—
2006 Series III Linda Vista Apts. (5.75%), due 2010 - 2048**	15,046	**4,939**	—
2006 Series IV Washington Apts. (4.992% to 6.568%), due 2011 - 2024**	7,500	**7,500**	—
	619,293	**320,229**	270,988
Less: Unamortized debt discount	—	**(211)**	(102)
Add: Unamortized debt premium	—	**44**	20
Less: Deferred amount on refunding	—	**(605)**	(680)
	619,293	**319,457**	270,226
Homeownership Bond - Financed Program			
June 15, 1976 Series (6.375%), due 2007	28,175	**1,040**	1,285
1988 Series A (7.875%), redeemed 2005*	76,200	**—**	200
September 1, 1991 Series B (7% to 7.25%), due 2010 - 2012	18,200	**11,143**	12,266
1995 Series A (5.5% to 6.22%), redeemed 2005*	55,000	**—**	8,950
1995 Series B (5.5% to 6.45%), due 2006 - 2027*	30,000	**3,445**	4,430
1995 Series C (5.375% to 7.25%), due 2015 - 2026*	30,000	**990**	1,745
1995 Series D (5.3% to 6.15%), due 2006 - 2026*	16,800	**330**	910
1996 Series A (5.3% to 7.2%), due 2006 - 2027*	41,000	**1,635**	2,930
1996 Series B (5.5% to 7.55%), due 2006 - 2027*	29,060	**390**	1,220
1996 Series C (5.3% to 7.45%), due 2006 - 2027*	32,925	**1,600**	2,735
1996 Series D (5.2% to 7.1%), due 2006 -2028*	46,640	**2,830**	4,795
1997 Series A (5.4% to 7.3%), due 2006 - 2028*	50,000	**1,525**	3,450

	Original Amount Authorized	Outstanding 2006	Outstanding 2005
Homeownership Bond - Financed Program *(Continued)*			
1997 Series A-4 (4.85% to 5.65%), due 2006 - 2029*	$ 10,000	**$ 520**	$ 1,025
1997 Series B (5% to 6.85%), due 2006 - 2029*	64,500	**7,555**	11,040
1997 Series C (4.85% to 6.85%), due 2006 - 2029*	55,625	**4,855**	7,650
1998 Series B (4.65% to 6.4%), due 2006 - 2029*	70,000	**8,150**	11,545
1998 Series D (4.55% to 6.5%), due 2006 - 2029*	70,000	**8,855**	11,510
1998 Series E (4.35% to 6.45%), due 2006 - 2029*	50,000	**7,271**	9,800
1999 Series I (5.1%), due 2030	5,095	**1,085**	1,500
1999 Series A (4.25% to 6.3%), due 2006 - 2030*	75,000	**13,540**	18,850
1999 Series B (4.8% to 6.83%), due 2006 - 2030*	75,000	**9,890**	14,250
1999 Series C (4.95% to 7.07%), due 2006 - 2030*	75,000	**8,185**	11,130
2000 Series A (5.4% to 7.77%), due 2006 - 2031*	98,135	**7,555**	10,815
2000 Series B (5.4% to 7.45%), due 2006 - 2031*	70,000	**7,615**	10,570
2000 Series C (5% to 7.4%), due 2006 - 2032*	84,390	**12,585**	17,365
2001 Series A (4.15% to 6.35%), due 2006 - 2033*	100,000	**23,665**	31,885
2001 Series B (4.1% to 6.85%), due 2006 - 2033*	70,000	**18,550**	24,680
2001 Series C (3.5% to 6.23%), due 2006 - 2033*	46,490	**18,705**	23,650
2002 Series A (3.7% to 6.75%), due 2006 - 2034*	45,000	**14,475**	19,575
2002 Series B (3.5% to 6.66%), due 2006 - 2034*	80,000	**28,215**	36,815
2002 Series C (2.6% to 6%), due 2006 - 2034*	80,000	**35,655**	45,090
2003 Series A (2.25% to 5.78%), due 2006 - 2035*	50,000	**29,240**	36,065
2003 Series B (2.05% to 5.375%), due 2006 - 2034*	78,795	**48,540**	59,595
2003 Series C (2% to 5.35%), due 2006 - 2034*	60,000	**45,400**	52,790
2003 Series D (1.9% to 5.55%), due 2006 - 2034*	70,000	**52,405**	63,490
2004 Series A (1.9% to 5.15%), due 2006 - 2035*	57,280	**48,285**	54,590
2004 Series B (2.8% to 6.35%), due 2006 - 2035*	60,000	**45,780**	56,305
2004 Series C (2.45% to 6%), due 2006 - 2035*	60,000	**51,535**	58,765
2004 Series D (2.15% to 5.5%), due 2006 - 2035*	40,000	**36,170**	40,000
2005 Series A (2.6% to 5.9%), due 2006 - 2036*	54,680	**52,165**	54,321
Draw Down Series 2005A (2.98%), due 2006	150,000	**—**	9,625
2005 Series B (2.85% to 5.8%), due 2006 - 2036*	75,000	**73,845**	75,000
2005 Series C (2.8% to 5.6%), due 2006 - 2036*	68,000	**67,570**	—
2005 Series D (3.3% to 6%), due 2007 - 2036*	50,000	**50,000**	—
2006 Series A (3.4% to 6%), due 2007 - 2037*	50,000	**50,000**	—
2006 Series B (3.6% to 6.05%), due 2007 - 2037*	100,000	**100,000**	—
Draw Down Series 2006 A (4.3%), due 2007	150,000	**1,685**	—
2006 Series C (3.65% to 5.9%), due 2007 - 2037*	60,000	**60,000**	—
	2,911,990	**1,074,474**	924,207
Less: Unamortized debt discount	—	**(1)**	(4)
Add: Unamortized debt premium	—	**34,872**	27,970
Less: Deferred amount on refunding	—	**(1,125)**	(1,003)
	2,911,990	**1,108,220**	951,170
Total	$ 3,531,283	**$ 1,427,677**	$ 1,221,396

The proceeds of bond issues denoted by "*" are used to purchase GNMA and Fannie Mae mortgage-backed securities, which are backed by mortgage loans originated through the Commission's loan programs.

The proceeds of bond issues denoted by "**" are used to provide financing for multifamily rental housing projects. These bonds are limited obligation, conduit debt issued by the Commission, payable solely from and secured by a loan agreement between the Commission and the borrower.

During the fiscal years ended June 30, 2006 and 2005, the Commission repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds. Net gains of $2,732,000 and $3,986,000 for the years ended June 30, 2006 and 2005, respectively, on early extinguishment of debt have been recorded and included with financing fees and other operating revenue. These gains arise as a result of immediate recognition of deferred bond issuance costs, bond discounts or premiums that would have been amortized over the life of the applicable bond issue if not retired, and call premiums as required by the resolution.

During the fiscal year ended June 30, 2006, the Commission issued Single Family Homeownership Mortgage Revenue Bonds 2005C in the aggregate amount of $68,000,000. Of this aggregate amount, $7,775,000 refunded a portion of the outstanding Housing Development Bonds (Insured Mortgage Loans). The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $182,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2026 using the bonds outstanding method. The Commission completed the advance refunding, which increased its total debt service payments over the next 30 years by approximately $227,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $352,000.

During the fiscal year ended June 30, 2006, the Commission received payoff of the remaining mortgage financed by the Multifamily Housing Revenue Refunding Bonds Series 1998. The Commission deposited the proceeds from the payoff in an irrevocable trust with the Commission's escrow agent to provide for the payment of principal and interest through maturity or redemption of the Series 1998 bonds. This event met the requirements of an in-substance defeasance, therefore, these assets and the liability for the defeased bonds are not reflected in the Commission's financial statements. As of June 30, 2006, $1,040,000 of the defeased bonds remains outstanding.

During the fiscal year ended June 30, 2005, the Commission issued Single Family Homeownership Mortgage Revenue Bonds 2005A in the aggregate amount of $54,680,000. Of this aggregate amount, $3,630,000 refunded a portion of the outstanding Housing Development Bonds (Insured Mortgage Loans). The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $94,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2025 using the bonds outstanding method. The Commission completed the advance refunding to reduce its total debt service payments over the next 30 years by approximately $159,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $266,000.

All bonds have early redemption provisions. A summary of future annual scheduled principal and interest maturities, which excludes unamortized debt discounts and premiums, follows *(in thousands)*:

Bonds Maturing During Years Ending June 30,	**Principal**	**Interest**	**Total**
2007	$ 22,516	$ 66,537	$ 89,053
2008	22,316	67,462	89,778
2009	15,624	66,708	82,332
2010	30,472	66,123	96,595
2011	23,289	65,253	88,542
2012 - 2016	85,377	320,516	405,893
2017 - 2021	85,960	297,837	383,797
2022 - 2026	149,025	272,115	421,140
2027 - 2031	189,340	235,585	424,925
2032 - 2036	572,058	156,421	728,479
2037 - 2041	177,740	13,647	191,387
2042 - 2046	16,273	846	17,119
2047 - 2051	4,713	78	4,791
	$ 1,394,703	$ 1,629,128	$ 3,023,831

In addition to bonds payable, at June 30, 2006 and 2005, the Commission had fixed rate notes payable totaling $2,565,000 and $3,090,000, respectively, at interest rates of 2.28% to 3.64%. The fixed rate notes pay monthly interest with a final principal balloon payment due at maturity as follows *(in thousands)*:

Maturity Date	**Interest Rate**	**Principal**	**Interest**	**Total**
2007	2.28%	$ 525	$ 74	$ 599
2008	2.72%	525	62	587
2009	3.10%	515	47	562
2010	3.40%	500	30	530
2011	3.64%	500	12	512
		$ 2,565	$ 225	$ 2,790

7. Escrow Deposits And Rent Subsidies Payable

Escrow deposits represent funds paid by project developers for real estate taxes, insurance, future replacement of property and other costs.

Rent subsidies payable represent funds received from the State of Missouri and HUD for payment of rent subsidies to participants in the Housing Assistance Programs.

Such funds held by the Commission are included in restricted cash and temporary cash investments.

8. Restrictions

Restricted Cash And Investments

Substantially all of the assets of each bond program of the Commission are pledged as collateral for the payment of principal and interest on bond indebtedness of that program. Therefore, all related bond program assets of the Commission that are pledged as collateral are treated as restricted and noncurrent. The obligations of the Commission are not obligations of the State, and the State is not liable for such obligations. The Trust Indentures between the Commission and the Trustees establish special accounts for the segregation of assets and restrictions of the use of bond proceeds and certain other funds received.

Resolutions of the Commission require that, to the extent funds are available in the general account of each bond fund, they are to be transferred to a debt service account on a periodic basis, from the date of bond issuance to the date of each succeeding maturity, sufficient to make principal and interest payments on the bonds as they become due. Funds within the general account of each bond fund are on deposit in restricted accounts.

In addition, the statute and resolutions of the Commission require that for certain bond issues an amount be maintained in reserve accounts to be used to make principal and interest payments on payment due dates. Such amounts are on deposit in restricted accounts for the various issues within the Rental Bond-Financed and Homeownership Bond-Financed Programs.

As of June 30, 2006 and 2005, the assets of all accounts equaled or exceeded the requirements as established by the Trust Indentures. Such assets are restricted as follows:

	2006	2005
Program and Construction Funds - rental assistance, construction escrows, and other restricted funds	**$ 84,653**	$ 80,556
Mortgage Escrow Accounts - insurance, taxes, replacement reserves, and other mortgage escrows	**57,766**	53,086
Federal Programs Funds	**2,140**	1,814
Missouri Housing Trust Fund	**3,967**	5,666
Bond Proceeds Accounts - funds for purchase of qualified mortgage-backed securities or mortgage loans and payment of cost of issuance	**160,979**	99,673
Revenue and Debt Service Funds - program revenues for debt service payments	**103,904**	114,487
Debt Service and Other Bond Reserve Accounts - reserves held as required by bond indentures, including: debt service reserves, mortgage reserves and capitalized interest	**35,338**	38,145
	$ 448,747	$ 393,427

Restricted Net Assets

Pursuant to certain of its resolutions, the Commission has restricted the net assets of the Rental Bond-Financed Mortgage Program and the Homeownership Bond-Financed Program to maintain a level of reserves necessary to provide sound fiscal operations. In addition, through various resolutions for the Rental Bond-Financed Mortgage Program, the Homeownership Bond-Financed Program and activities of the Operating Fund, the Commission has reserved internally generated funds for financing residential housing units and for providing rental housing assistance, which are included in restricted net assets. In fiscal year 1997, the Commission acquired a portfolio of loans from HUD. Revenues collected from these HUD purchased loans are restricted by an agreement between the Commission and HUD to be used primarily for rehabilitation loans or grants.

Pursuant to State Statute, the Commission has restricted the amount of net assets representing revenues over expenses related to the financial activity of the Missouri Housing Trust Fund. The Missouri Housing Trust Fund is authorized by section 215.034, RSMo. Revenues of the Missouri Housing Trust Fund are restricted to programs that financially assist, through loans or grants, the development of housing stock and that provide housing assistance to persons and families with incomes at or below specified levels.

Below is a summary of restricted net assets by the Commission, bond resolution and State Statute as of June 30, 2006 and 2005 *(in thousands)*:

	2006	2005
Restricted By Commission:		
Tenant assistance	**$ 47,831**	$ 47,833
Loans not funded by a bond sale	**122,235**	104,457
Loan commitments not yet disbursed	**10,016**	16,288
Reserves committed to Home Improvement and Multifamily interest subsidy program	**5,120**	5,799
Restricted earnings of HUD purchased loans	**9,904**	10,482
Restricted for Rural Initiative Program	**1,279**	1,193
	196,385	186,052
Restricted by bond resolution	**90,267**	127,773
Restricted by State Statute - Missouri Housing Trust Fund	**5,325**	5,989
	$ 291,977	$ 319,814

9. Commitments And Contingencies

The Commission rents office space in Kansas City, Missouri in accordance with a 10-year lease, which is accounted for as an operating lease and can be extended at the option of the Commission for two successive five-year periods.

The Commission rents office space in St. Louis, Missouri in accordance with a 10-year lease, which is accounted for as an operating lease.

Lease expenditures for the years ended June 30, 2006 and 2005 were $763,000 and $695,000, respectively. Future minimum lease payments for these leases are as follows *(in thousands)*:

Year	**Amount**
2007	$ 680
2008	681
2009	686
2010	692
2011	717
2012	326
	$ 3,782

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; and natural disasters for which the Commission carries commercial insurance.

The Commission is also subject to additional audits, as deemed necessary by its federal grantor agencies, of the Commission's grant programs that may result in disallowed costs to the Commission. However, the Commission's management does not believe such audits would result in any disallowed costs that would be material to the Commission's financial position at June 30, 2006.

10. Pension Plan

All Commission employees participate in the Missouri State Employees' Plan (MSEP), a single-employer public employee retirement plan administered by the Missouri State Employees Retirement System (the System). MSEP provides retirement, death and disability benefits to its members. As established by Missouri State Statutes, responsibility for the operation and administration of MSEP is vested in the Missouri State Employees Retirement System Board of Trustees. The System issues a publicly available financial report that includes financial statements and required supplementary information for MSEP. That report may be obtained by writing to the Missouri State Employees Retirement System, P. O. Box 209, Jefferson City, Missouri 65102, or by calling 1-800-827-1063.

Covered employees do not contribute toward the MSEP. The employer is required to contribute at an actuarially determined rate. The contribution requirement for the years ended June 30, 2006, 2005 and 2004 was $647,000, $542,000, and $461,000, respectively. These contributions represented 12.4%, 10.5% and 9.2% of total salaries during 2006, 2005 and 2004, respectively. These contributions are expensed by the Commission when incurred.

The annual required contribution for the System for the current year was determined as part of an actuarial valuation of the System as of June 30, 2005 using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for the System includes (a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 4% per year annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 2.7% per year for MSEP, depending on age, attributable to seniority and/or merit and (d) the assumption that benefits will increase between 2.8% and 4.0% per year after retirement.

As determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* the Commission has no pension liability, as required contributions are paid when due. This treatment is consistent with prior years.

11. Other Postemployment Benefits

In addition to the retirement benefits described in Note 10, the State of Missouri (the State) provides postemployment health care and life insurance benefits, in accordance with state statutes, to eligible Commission employees who retire and elect to participate. These health care benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP). There is currently one Commission retiree enrolled for health care benefits. The life insurance benefits are administered by the Missouri State Employees' Retirement System (MOSERS). The eligible number of retirees for MOSERS for life insurance benefits is 24. Health care benefits are funded through both employer and employee contributions. MOSERS life insurance benefits are funded through employee contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For each year of retirees' service, the State will pay 2.5% of the monthly health care premium, up to a maximum of 75%, subject to State appropriation. The retiree pays the balance of the premiums. To fund the State's portion, effective July 1, 2005, the State assesses a charge of 3.3% of total employee salary at each entity. The charge assessed is independent of how many retirees the Commission may have receiving benefits. Expenses for postretirement health care benefits charged to the Commission by the State are recognized when incurred. During fiscal years 2006 and 2005, expenses of approximately $172,000 and $163,000, respectively, were recognized for postretirement health care benefits.

12. Subsequent Events

On June 16, 2006, the Commission authorized the Missouri Housing Development Commission Single Family Mortgage Revenue Bonds (Homeownership Loan Program), 2006 Series D. In accordance with this authorization, bonds totaling $70,000,000 were issued in July and delivered in August 2006.

Prior to June 30, 2006, the Commission also adopted resolutions authorizing 10 conduit multifamily housing revenue bond issues. Of these, the 2006 Series V totaling $4,400,000 was issued in July 2006 and will be delivered during fiscal years 2007 and 2008. The remaining nine conduit multifamily housing revenue bond issues have not yet been completed. It is expected that these bonds will be issued during fiscal year 2007 and will not exceed $20,600,000.

In addition, the Commission authorized and completed the 2006 Series I, 2006 Series II, and 2006 Series III conduit multifamily housing revenue bond issues prior to June 30, 2006. However, portions of these bond issues are scheduled to fund and close subsequent to the fiscal year ended June 30, 2006. The following are the remaining issue amounts and anticipated dates: $8,390,000 in fiscal year 2007, $650,000 in fiscal year 2008, and the final $1,100,000 in fiscal year 2009.

During August 2006, the Commission authorized the Single Family Mortgage Revenue Bonds (Homeownership Loan Program), 2006 Series E. It is expected that these bonds will be issued during fiscal year 2007 and will not exceed $40,000,000. Also during August, 2006, the Commission approved three additional multifamily revenue bond issues. These bonds are expected to be issued during fiscal year 2007 and will not exceed $23,500,000 in aggregate.

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING BALANCE SHEET
Page 1 Of 2
(In Thousands)
June 30, 2006

Assets

	Operating	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Total
Current Assets				
Cash and temporary cash investments	$ 4,242	$ —	$ —	$ 4,242
Investments	27,066	—	—	27,066
Mortgage investments	22,217	—	—	22,217
Accrued interest receivable	1,645	—	—	1,645
Accounts receivable - other	336	—	—	336
Prepaid expenses	45	—	—	45
Total Current Assets	55,551	—	—	55,551
Noncurrent Assets				
Restricted Assets:				
Cash and temporary cash investments	9,767	24,838	8,181	42,786
Investments	83,287	81,667	241,007	405,961
Mortgage investments	2,661	313,536	882,007	1,198,204
Accrued interest receivable	31	1,640	7,121	8,792
Deferred financing charges	—	433	39,254	39,687
Total Restricted Assets	95,746	422,114	1,177,570	1,695,430
Investments	35,269	—	—	35,269
Mortgage investments, net of current portion and allowances for loan losses ($21,150)	76,207	—	—	76,207
Capital assets, less depreciation	1,098	—	—	1,098
Total Noncurrent Assets	208,320	422,114	1,177,570	1,808,004
Total Assets	$ 263,871	$ 422,114	$ 1,177,570	$ 1,863,555

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING BALANCE SHEET

(In Thousands)

June 30, 2006

Liabilities And Net Assets

	Operating	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Total
Current Liabilities				
Bonds and notes payable	$ 525	$ —	$ —	$ 525
Accounts payable	861	—	—	861
Deferred financing and commitment fees	792	—	—	792
Total Current Liabilities	2,178	—	—	2,178
Current Liabilities - Payable From Restricted Assets				
Bonds and notes payable	—	12,898	14,970	27,868
Accrued interest payable	—	4,425	17,445	21,870
Escrow deposits	23,732	49,389	—	73,121
Rent subsidies and other payables	1,735	—	—	1,735
Accounts payable	—	275	578	853
Deferred financing and commitment fees	—	155	1,055	1,210
Total Current Liabilities - Payable From Restricted Assets	25,467	67,142	34,048	126,657
Noncurrent Liabilities				
Bonds and notes payable	2,040	306,559	1,093,250	1,401,849
Deferred financing and commitment fees	7,710	2,465	5,953	16,128
Total Noncurrent Liabilities	9,750	309,024	1,099,203	1,417,977
Total Liabilities	37,395	376,166	1,133,251	1,546,812
Net Assets				
Invested in capital assets	1,098	—	—	1,098
Restricted by the Commission, bond resolution and State Statute	201,710	45,948	44,319	291,977
Unrestricted	23,668	—	—	23,668
Total Net Assets	226,476	45,948	44,319	316,743
Total Liabilities And Net Assets	$ 263,871	$ 422,114	$ 1,177,570	$ 1,863,555

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(In Thousands)
For The Year Ended June 30, 2006

	Operating	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Total
Operating Revenues				
Interest and investment income:				
Income - mortgage investments	$ 3,840	$ 14,215	$ 47,920	$ 65,975
Income - investments	6,473	2,174	7,681	16,328
Net decrease in fair market value of investments	(2,566)	(1,138)	(42,882)	(46,586)
Total interest and investment income	7,747	15,251	12,719	35,717
Administration fees	6,978	—	—	6,978
Financing fees and other	7,959	61	4,113	12,133
Federal program income	124,649	—	—	124,649
Total Operating Revenues	147,333	15,312	16,832	179,477
Operating Expenses				
Interest expense on bonds	85	10,862	49,711	60,658
Bank miscellaneous bond debt expense	100	113	4,354	4,567
Compensation	7,431	—	—	7,431
General and administrative expenses	3,235	—	—	3,235
Provision for loan and real estate owned losses	1,075	—	—	1,075
Rent and other subsidy payments	2,299	—	—	2,299
Housing Trust Fund grants	5,808	—	—	5,808
Federal program expenses	124,793	—	—	124,793
Total Operating Expenses	144,826	10,975	54,065	209,866
Change In Net Assets	2,507	4,337	(37,233)	(30,389)
Net Assets - Beginning Of Year	219,359	45,029	82,744	347,132
Interfund Transfers	4,610	(3,418)	(1,192)	—
Net Assets - End Of Year	$ 226,476	$ 45,948	$ 44,319	$ 316,743