

**Delaware State
Housing Authority**
A Component Unit of the State of Delaware

**Annual Comprehensive
Financial Report**

**For the Fiscal Year Ended
June 30, 2021**



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Prepared by:
DSHA Administration Staff



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Introductory Section

Letter of Transmittal
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January 28, 2022

The Honorable John Carney
Governor of the State of Delaware
Carvel State Office Building
820 North French Street
Wilmington, DE 19801

Dear Governor Carney:

It is my pleasure to present the Annual Comprehensive Financial Report (ACFR) for the Delaware State Housing Authority (the Authority) for the fiscal year ended June 30, 2021, which provides an in-depth, detailed analysis of our financial transactions and standing for the fiscal year. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any misstatements.

This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and in conformance with the financial reporting principles and standards established by the Governmental Accounting Standards Board (GASB). Additionally, this report follows the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and will be submitted for its review and evaluation.

REPORTING ENTITY

The Authority was created in 1968 by an act of the General Assembly of the State of Delaware (the State). The Authority, which is a public corporation, was originally established as the Department of Housing. It was organized under the Department of Community Affairs in 1970 and under the Delaware Economic Development Office in 1987. The Authority was established in 1998 as an independent agency in the Executive Department, reporting directly to the Governor of the State, institutionalizing the role of affordable housing as a key aspect of State policy.

The Authority is authorized to: (1) make mortgage, construction and other loans to not-for-profit and limited-profit housing sponsors; (2) make loans to mortgage lenders, requiring the proceeds thereof to be used for making new qualified residential mortgage loans; (3) purchase qualified mortgage loans from mortgage lenders; (4) apply for and receive assistance and subsidies under programs from the Federal government; and (5) issue bonds and notes.

The Authority administers a variety of programs performing the following major roles: (1) Housing Finance; (2) Housing Code Enforcement; (3) Planning/Community Development; (4) Public Housing in Kent and Sussex Counties; and (5) Partner with Other Public and Private Agencies

The Authority implements an executive budget each fiscal year. The executive budget is reviewed and approved by the Director, monitored for compliance on a monthly basis, and any use of the general fund beyond the approved executive budget must be approved by the Director. This annual budget serves as the basis for the Authority's financial planning and control.

ECONOMIC CONDITION AND OUTLOOK

According to the U.S. Census Bureau, Delaware's population increased from 897,934 in 2010 to 973,764 in 2019. This represents a 8.4% increase compared to a national population increase of 6.3%. Based on U.S. Census Bureau figures for 2019, Delaware's density of population is 499.7 persons per square mile, while the national average is 92.9; 11.3% of the State's population is below poverty level compared to a national average of 10.5%.

Delaware's 2019 per capita income was \$54,485, 0.96% below the national average of \$56,490. The State's average unemployment rate for 2019 was 3.8%, compared to the nation's average of approximately 3.7%, giving Delaware a national ranking of thirty fourth lowest unemployment rate in the U.S., according to the U.S. Department of Labor.

Housing production in Delaware during 2020 totaled 8,455 units, a 32.1% increase from 2019's 6,399 units. Housing production for single family units increased from 5,561 units in 2019 to 7,101 in 2020 and multi-family units increased from 838 units in 2019 to 1,354 in 2020, according to information gathered by the Authority. Delaware's rate of home ownership, as reported by the U.S. Census Bureau, is 77.9%, compared to a national average of 66.6%.

Over the last two decades, Delaware's economy has diversified from primarily manufacturing, with a high concentration of employment in chemicals and automobile manufacturing, to various service industries, with especially strong healthcare, retail, and financial sectors. With its strong and diverse economic base, Delaware is expected to meet today's fiscal challenges as well as those of tomorrow.

It is the mission of the Delaware State Housing Authority to provide, and assist others to provide, quality affordable housing opportunities and appropriate supportive services to low- and moderate-income Delawareans. During these times of economic challenges, the Authority will maintain a proactive and innovative approach to fulfilling this mission in service to low-income, unemployed and individuals and families experiencing homelessness in Delaware.

CURRENT MAJOR INITIATIVES

Home Ownership

Helping more Delawareans reach the American Dream of homeownership is a priority for the Authority. In fiscal year 2020, the Authority assisted families purchasing homes with approximately \$279 million in financing for over 1,400 first, second, and acquisition/rehabilitation loans and grant assistance. The Authority also provided foreclosure prevention assistance to over 1,200 families through housing counseling and financial support.

In fiscal year 2021, the Authority continued to help homebuyers and homeowners with an array of programs, including: Welcome Home and Home Again, offering low rate mortgage loans for first time and repeat home buyers, respectively; the Delaware First-Time Homebuyers Tax Credit Program, a federal income tax credit designed to help make homeownership more affordable; Second Mortgage Assistance Loans, Preferred Plus Loans, and Advantage 4 grants, offering down payment and closing cost assistance. The Authority's foreclosure prevention programs, Delaware Emergency Mortgage Assistance Program, Manufactured Housing Assistance Program, and Wilmington Senior Tax Assistance Program, continued to assist qualified Delawareans facing mortgage foreclosure due to hardship in stabilizing their financial position.

The Authority continued to promote home ownership statewide by hosting Annual Homebuyers Fairs in Wilmington, co-hosting Homeownership Expos in Dover, and co-hosting the Annual Sussex County Homebuyer Fair. The Authority also invested in home ownership education, partnering with Stand By Me and other groups to offer financial coaching to Delawareans interested in homeownership.

Owning a home gives families a stake in their communities and in their future. Currently, Delaware's homeownership rate of 77.9% is the second highest in the nation, with the national average at 66.6%. The Authority is continuing to create financing tools and partnerships that will help even more Delawareans, especially minorities, achieve the American Dream.

Affordable Rental Housing

The Housing Development Fund (HDF) is the state's cornerstone for building and preserving affordable housing throughout Delaware. Since its foundation in 1968, the HDF has invested over \$472 million to assist more than 43,300 families. In FY21, the HDF invested \$15.9 million which leveraged \$75.4 million in other public and private investment in affordable housing.

In partnership with the Housing Development Fund, the Authority also utilized the federal HOME Investment Partnership Program to develop affordable housing. During fiscal year 2021, approximately \$1.0 million in HOME funds was combined with over \$14.0 million in financial support from the Housing Development Fund to create and/or preserve over 290 units of affordable rental housing throughout the state. Recipients of this support included Riverside Redevelopment and The Flats, which are rental communities located in New Castle County; DE Bond, a rental community in Kent County and Millsboro Village Landing, a rental community located in Sussex County.

Preserving existing affordable rental housing, as well as creating additional units, is a top priority for Delaware. As affordable rental housing becomes scarcer, here and across the nation, the Authority has been seeking proactive ways to keep these units available, as well as creating new ones. Through our Public Housing program, Housing Choice Vouchers program, Housing Tax Credit compliance monitoring and Section 8 Contract Administration managerial oversight, the Authority has a vast responsibility for monitoring nearly 12,000 units of affordable housing throughout the state.

In addition to preserving and creating affordable rental housing, the Authority also accepts responsibility to help other service providers and residents get access to the resources they need. The Moving To Work (MTW) program has continued to promote employment, savings, and independence. The Authority's Resident Services staff offers a variety of activities to assist Public Housing residents, Housing Choice residents, and MTW participants to become self-sufficient. These include GED, parenting, and computer classes, as well as resume assistance, Boys and Girls Club and 4-H activities, and afterschool homework programs. Since MTW implementation in August 1999, 1032 families have successfully completed the program.

In collaboration with the Department of Health and Social Services and the Division of Family Services, At the end of FY21, DSHA was supporting or administering rental assistance for 1,893 households through the Housing Choice Voucher, State Rental Assistance Program (SRAP), and other programs.

Housing Rehabilitation/Community Rehabilitation

One of the biggest difficulties low- and moderate-income families face is keeping up with high cost repairs. In 2014, the Delaware Statewide Housing Needs Assessment study conducted for the Authority determined nearly 18,000 homes throughout Delaware were substandard. The Authority has been working diligently to find ways to help protect the existing affordable housing stock for future generations to enjoy. To that end, we provide programs that individual homeowners can access, in addition to community-based programs to help preserve entire neighborhoods.

In fiscal year 2021, over \$2.6 million was made available through Community Development Block Grant Program to help Delaware families repair their homes to meet State Housing Code standards. The Authority administers the Neighborhood Stabilization Program which provided over \$12,000 of federal funds to local jurisdiction for the purpose of purchasing foreclosed properties, rehabilitating them, and making them available

to households and individuals of low and moderate incomes.

The Downtown Development District Grant Program, a community rehabilitation initiative launched in 2015, has reservation awards and rebates in the amount of \$42.4 million for a total of 281 projects to bolster revitalization and economic development in designated areas of Clayton, Delaware City, Dover, Georgetown, Harrington, Laurel, Middletown, Milford, City of New Castle, Seaford, Smyrna, and Wilmington.

Other Programs

The Authority continued to invest in our partners in the affordable housing industry. The Authority provided nearly over \$250,000 in financial support to seven emergency shelters in Kent and Sussex Counties through the Emergency Solutions Grant Program and supported an additional 38 families and individuals with affordable housing vouchers made available through the federal Housing Opportunities for Persons with AIDS Program. During fiscal year 2016, the Authority joined with the Delaware Department of Health and Social Services, HUD, and the Veterans Administration in efforts to end veteran homelessness. Over 800 veterans experiencing homelessness have been permanently housed since the launch of the initiative.

The Authority continued its collaboration with State, County, and local governments, advocacy organizations, and non-profits in support of DelawareHousingSearch.org, a free housing locator service providing real-time, detailed information about rental housing and affordable homes for sale. The Authority persistently seeks more productive and creative ways to further expand the abilities of housing organizations and meet the ever-growing affordable housing need of Delawareans.

OTHER INFORMATION

Independent Audit

The various mortgage revenue bond resolutions require an annual audit of the financial statements of the Authority by an independent certified public accountant of recognized national standing or a firm of accountants of recognized national standing. This requirement has been fulfilled and the auditors' opinion has been included in the Financial Statement section of this report.

Management's Discussion and Analysis

Management has provided a narrative overview and analysis of the financial activities of the Authority to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This transmittal letter is intended to complement the Authority's MD&A and should be read in conjunction with it. The Authority's MD&A can be found following the report of the independent auditor.

Financial Planning

The Authority has an investment policy that encompasses all funds related to the issuance of bonds, as well as, all funds otherwise held by the Authority. The Authority seeks first and foremost to ensure the safety of principal, and secondly, to attain the highest possible return available given the risk constraints. Additional information on the Authority's investment policies can be found in note IV.A. on page 44 of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Delaware State Housing Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the twenty-fourth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual

Governor John Carney
January 28, 2022
Page Five

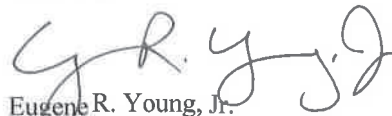
financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report was accomplished through the efficient and dedicated effort of the Delaware State Housing Administration section along with valuable assistance and information provided by other staff members of the Authority. This report is also available online at: <http://www.destatehousing.com/FormsAndInformation/financial.php>.

Sincerely,



Eugene R. Young, Jr.
Director
Delaware State Housing Authority



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Delaware State Housing Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

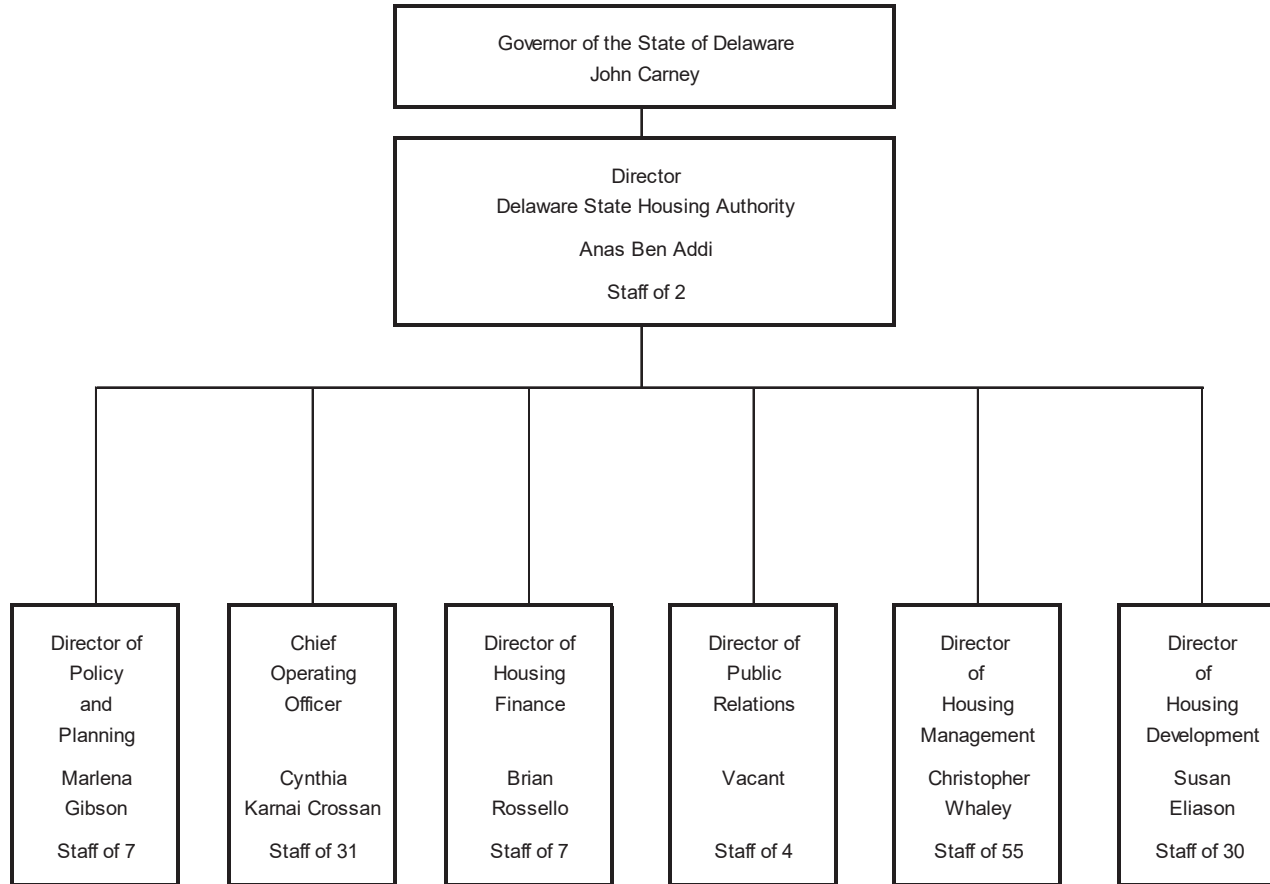
June 30, 2020

Christopher P. Morill

Executive Director/CEO

Delaware State Housing Authority
Component Unit of the State of Delaware

Organizational Chart
Including Principal Officials



Financial Section

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Other Supplementary Information



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Independent Auditors' Report

To the Delaware State Housing Authority
Dover, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Delaware State Housing Authority (DSHA), a component unit of the State of Delaware, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise DSHA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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

To the Delaware State Housing Authority
Dover, Delaware

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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of DSHA, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited DSHA's June 30, 2020, financial statements, and our report dated November 17, 2020, expressed unmodified opinions on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 15, Schedule of State of Delaware Net Pension Liability and related notes on pages 79 and 80, Schedule of Employer Contributions to State of Delaware Pension Plan on page 81, Schedule of Changes in Net OPEB Liability and related notes on pages 82 and 83, Schedule of Contributions on page 84, Schedule of Annual Money-Weighted Rate of Return on Investments on page 85, and Schedule of State of Delaware Other Post Employment Benefits Plan on page 86 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.

To the Delaware State Housing Authority
Dover, Delaware

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise DSHA's basic financial statements. The introductory section, statistical section, and Other Supplementary Information as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information as listed in the table of contents is the responsibility of management and was derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022, on our consideration of DSHA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DSHA's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

January 26, 2022
Wilmington, Delaware



DELAWARE STATE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Delaware State Housing Authority (the Authority), a component unit of the State of Delaware, is a public corporation whose Director is appointed by and reports directly to the Governor of the State. The Authority's functions are to provide home ownership, affordable rental housing, and both housing and community rehabilitation assistance. Funding for the home ownership program is accomplished through mortgage backed security purchases and sales in the To-Be-Announced (TBA) market. The affordable rental housing programs are supported through Federal grant funds from the U.S. Department of Housing and Urban Development (HUD), and the State Housing Development Fund. Housing rehabilitation is also funded through the State sponsored Housing Development Fund. Community rehabilitation is provided through grants from HUD and the State.

As management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the Fiscal Year Ended June 30, 2020. The Authority's Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 15).

Financial Highlights

- The Authority's assets and deferred outflows exceeded liabilities and deferred inflows at the close of the fiscal year by \$604,716,628 (net position).
- The Authority's total net position increased by \$37,064,152 (6.7%) in fiscal year 2021 when compared to the previous year's ending net position. Net position of governmental activities increased by \$30,595,203 (7.1%) from the previous year and net position of business-type activities increased by \$6,468,949 (4.7%) from the previous year.

The most significant factors contributing to the governmental activities increases were: (1) the appropriation of \$9,000,000 from the State of Delaware to the Housing Development Fund for the purpose of making loans and grants to meet affordable housing needs; (2) the appropriation of \$4,000,000 from the State of Delaware to fund and administer the Downtown Development Districts Grant Program for the purpose of community rehabilitation in designated areas within Delaware's cities and towns; (3) the appropriation of \$6,750,000 from the State of Delaware to serve individuals who have access to continuing supportive services but require affordable housing to live safely and independently in the community; and (4) the appropriation of \$4,000,000 from the State of Delaware to the Strong neighborhood housing fund.

The most significant factors contributing to the business-type activities increases were the receipt of \$2,425,052 in General Funds for the purpose of making loans to support homeownership needs (an decrease of \$56,336 from 2020) offset by: (1) the transfer of administrative fees of \$1,952,447 from the Single Family Mortgage Revenue Bond Programs to the General Fund in support of operations; (2) the transfer of over \$12,000,000 from the

To-Be-Announced (TBA) fund to the Preferred Plus Loan program, governmental activities, in support of the programs' objectives to make down payment assistance available to qualified homebuyers; (3) the transfer of over \$5,000,000 from the Moving to Work federal program, business-type fund, to the General fund, a major governmental fund due to a property transaction; and (4) \$700,000 from DEHAP, a federal program, business-type to the Housing Development Fund, a major governmental fund, to return funds HDF had transferred to DEHAP.

- Unrestricted net position totaled \$80,583,818. This amount is dedicated to the Authority's operations, pursuant to Title 31, Chapter 40 of the Delaware Code and Authority bond resolutions. A General Fund cash and investment balance of \$38,435,154 contributes to this unrestricted net position total.
- At the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$473,481,746, an increase of \$29,944,577 (6.8%) in comparison with the prior year balances. The significant factors contributing to governmental funds fund balances increases were the same as those contributing to the governmental activities net position increases discussed above.
- The Authority's total debt, excluding compensated absences, decreased by \$73,097,874 (57.6%) during fiscal year 2021. The Single Family Programs paid bond calls of \$72,927,105 which were primarily the result of bond redemption and mortgage prepayments, and paid \$1,170,769 representing the net of accretion on capital appreciation bonds, gains related to optional calls, and deferred amounts on refunding. The Authority's debt increased \$1,000,000 due to Sustainable Energy Utility Loan Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) entity-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Entity-wide Financial Statements

The entity-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the entity-wide financial statements distinguish functions of the Authority that are principally supported by state grants, interest income, and transfers (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through federal grants and interest income (business-type activities). The governmental activities of the Authority include

administrative, home ownership, affordable rental housing, and housing rehabilitation. The business-type activities of the Authority include home ownership, affordable rental housing, and community rehabilitation. The entity-wide financial statements can be found on pages 15-16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the entity-wide financial statements. However, unlike the entity-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the entity-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the entity-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation between governmental funds and governmental activities to facilitate this comparison.

The Authority maintains twenty four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Housing Development Fund, the Downtown Development Districts Grant Program, and the State Rental Assistance Program, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of supplementary combining schedules elsewhere in this report. The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary Funds

The Authority maintains one type of proprietary fund. Enterprise funds are used to report the same activities presented as business-type activities in the entity-wide financial statements. The Authority uses enterprise funds to account for its federal and single family programs.

Proprietary funds provide the same type of information as the entity-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Federal Programs Enterprise Fund and the Single Family Program Enterprise Fund, both of which are considered to be major funds of the Authority. The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the entity. Fiduciary funds are not reflected in the entity-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Authority reports one fiduciary type fund, the DSHA Retiree Medical Trust Fund. This fund accounts for transactions, assets, liabilities, and net position available for post-employment. The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The notes to the financial statements can be found on pages 28-75 of this report.

Other Information

This report contains certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension and other post-employment benefits to its employees. The required supplementary information can be found on pages 73-82.

This report contains certain other supplementary information schedules concerning the Authority's individual funds, programs, and revenue bond issues. The other supplementary information can be found on pages 83-100.

Also contained in this report is the Authority's Single Audit Supplement, presented in compliance with U.S. Office of Management and Budget's Uniform Guidance. The Single Audit Supplement can be found on pages 101-118.

Entity-wide Financial Analysis

The following condensed financial information is derived from the entity-wide Statement of Net Position and reflects the net position at June 30, 2021:

Delaware Housing Authority's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Noncapital assets	\$ 524,701,718	\$494,662,528	\$441,548,202	\$273,842,676	\$ 966,249,920	\$ 768,505,204
Capital assets	2,693,416	1,720,849	5,102,837	7,207,279	7,796,253	8,928,128
Total assets	527,395,134	496,383,377	446,651,039	281,049,955	974,046,173	777,433,332
Deferred outflow of resources	4,130,455	1,064,094	39,894	63,130	4,170,349	1,127,224
Long-term liabilities outstanding	62,054,063	58,629,779	61,834,907	133,165,130	123,888,970	191,794,909
Other liabilities	1,587,226	537,497	240,099,467	9,284,729	241,686,693	9,822,226
Total liabilities	63,641,289	59,167,276	301,934,374	142,449,859	365,575,663	201,617,135
Deferred inflow of resources	6,084,961	7,076,059	1,839,270	2,214,886	7,924,231	9,290,945
Net position:						
Invested in capital assets	2,693,416	1,720,849	5,102,837	7,207,279	7,796,253	8,928,128
Restricted	378,522,105	399,901,433	138,841,540	129,241,061	517,363,645	529,142,494
Unrestricted	80,583,818	29,581,854	(1,027,088)	-	79,556,730	29,581,854
Total net position	\$ 461,799,339	\$431,204,136	\$142,917,289	\$136,448,340	\$ 604,716,628	\$ 567,652,476

The following condensed financial information is derived from the entity-wide Statement of Activities and reflects the changes in net position during the fiscal year ending June 30, 2021:

Delaware State Housing Authority's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 13,371,717	\$ 10,814,648	\$ 14,624,128	\$ 8,769,069	\$ 27,995,845	\$ 19,583,717
Operating grants & contributions	23,884,900	28,313,000	90,209,611	63,407,690	114,094,511	91,720,690
Capital grants & contributions	-	-	332,470	1,625,608	332,470	1,625,608
General revenues, principally						
Investment income (loss)	269,987	2,498,330	7,561,154	14,499,214	7,831,141	16,997,544
Gain (loss) on sale of capital assets			4,003,493		4,003,493	
Total revenues	<u>37,526,604</u>	<u>41,625,978</u>	<u>116,730,856</u>	<u>88,301,581</u>	<u>154,257,460</u>	<u>129,927,559</u>
Expenses:						
Administrative	4,507,179	4,562,047	-	-	4,507,179	4,562,047
Affordable rental housing	12,430,622	14,028,328	87,783,516	61,269,446	100,214,138	75,297,774
Community rehabilitation	3,746,535	7,201,234	4,759,810	1,971,268	8,506,345	9,172,502
Home ownership	1,363,329	2,014,791	2,587,277	4,486,909	3,950,606	6,501,700
Housing rehabilitation	15,040	23,114	-	-	15,040	23,114
Total expenses	<u>22,062,705</u>	<u>27,829,514</u>	<u>95,130,603</u>	<u>67,727,623</u>	<u>117,193,308</u>	<u>95,557,137</u>
Change in net position before transfers	15,463,899	13,796,464	21,600,253	20,573,958	37,064,152	34,370,422
Transfers	15,131,304	5,179,143	(15,131,304)	(5,179,143)	-	-
Changes in net position	30,595,203	18,975,607	6,468,949	15,394,815	37,064,152	34,370,422
Net position, beginning	431,204,136	412,228,529	136,448,340	121,053,525	567,652,476	533,282,054
Net position, ending	<u>\$ 461,799,339</u>	<u>\$431,204,136</u>	<u>\$142,917,289</u>	<u>\$136,448,340</u>	<u>\$ 604,716,628</u>	<u>\$ 567,652,476</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Authority's assets and deferred outflows exceeded its liabilities and deferred inflows by \$604,716,628 at the close of the fiscal year.

Of the Authority's total assets, 35.8% represent mortgage loans outstanding, including securitized mortgage loans. Cash and investments comprise 56.4% of the total assets, while other noncapital assets make up 7.0% of total assets. Investment in capital assets accounts for 0.8% of total assets. Of the Authority's total liabilities, 14.4% consists of revenue bonds payable. Escrow deposits represent 16.0% of total liabilities. Deferred revenue represent 63.8% of total liabilities, with miscellaneous liabilities comprising 5.8% of total liabilities.

Restricted net positions are amounts that have to be spent for particular purposes because of the requirement of bond covenants, HUD regulations, and State requirements. Unrestricted net positions are amounts available to be spent to meet the Authority's needs.

Most (85.5%) of the Authority's net position is restricted by bond covenants, federal and state grantors, and the Authority's Loan Program. Another 1.3% of net position reflects the Authority's investment in capital assets (e.g. land, buildings, improvements, and equipment). The remaining 13.2% of net position is unrestricted. Net position for the previous fiscal year had a similar composition.

At the end of the current fiscal year, the Authority is able to report a positive balance in net position for the Authority as a whole. Separately, the Authority reports a positive change in net position in governmental activities and in business-type activities.

As a result of its operations, the Authority's total net position increased by \$37,064,152 for the fiscal year ending June 30, 2021. Of this amount, governmental activities net position increased by \$30,595,203 and business-type net position increased by \$6,468,949.

These decreases in net positions are discussed in detail below, under Governmental Activities and Business-type Activities headings.

Of the Authority's total revenues, 74.1% were derived from operating grants and contributions, mostly from HUD and the State of Delaware. Another 18.2% came from charges for services which are mostly comprised of mortgage loan interest. Investment income represents 5.1% of total revenues. Gain on disposal of property represents 2.6% of total revenues.

Of the Authority's total expenses, 85.5% were for affordable rental housing function, mostly as housing assistance payments. Another 3.4% of total expenses were for home ownership function, mostly for home ownership and foreclosure prevention counseling and grants. Community and housing rehabilitation functions accounted for 7.3%, mostly in the form of grants, leaving only 3.8% of total costs attributable to Authority administrative function.

During the fiscal year, net transfers of \$15,131,304 were made from business-type activities to the governmental activities. The most significant transfers for the fiscal year were as follows: (1) cash transfers of \$1,952,447 from Single Family Programs, a business-type activity, to the Authority's General Fund, a governmental activity, in the form of administrative fees, (2) a cash transfer of \$700,000 from the DSHA Home 4 Good, a governmental activity and non-major governmental fund, to the DEHAP Program, a business-type activity, in support of the program's objective to make down payment assistance available to qualified homebuyers, (3) a cash transfer of over \$12,000,000 from the To-Be-Announced (TBA) fund, a business-type activity, to the Preferred Plus Program, a government activity, in support of the program's objective to make down payment assistance available to qualified homebuyers, and (4) a noncash transfer of the transfer of \$5,177,177 from the Moving to Work federal program, business-type fund, to the General fund, a major governmental fund due to a property transaction. Additional information regarding the Authority's interfund transactions can be found in note IV., E. on pages 56 and 57 of this report.

Governmental Activities

**Governmental Activities
Net (Expenses)/Revenues by Function**

Function	Fiscal Year 2021		Fiscal Year 2020	
	Expenses	Revenues	Net (Exp)/Rev	Net (Exp)/Rev
Administration	\$ 4,507,179	\$ 4,762,937	\$ 255,758	\$ (2,711,806)
Affordable rental housing	12,430,622	20,745,574	8,314,952	7,637,814
Community rehabilitation	3,746,535	8,000,000	4,253,465	4,316,367
Home ownership	1,363,329	3,713,346	2,350,017	2,050,729
Housing rehabilitation	15,040	34,760	19,720	5,030
Total	\$ 22,062,705	\$ 37,256,617	\$ 15,193,912	\$ 11,298,134

**Governmental Activities
Revenues by Source**

Source	Fiscal Year 2021		Fiscal Year 2020	
	Revenue	Percent	Revenue	Percent
Charges for services	\$ 13,371,717	25%	\$ 10,814,648	23%
Operating grants and contributions	23,884,900	45%	28,313,000	60%
Other general revenues	269,987	5%	2,498,330	5%
Transfers	15,131,304	29%	5,179,143	11%
Total	\$ 52,657,908	100%	\$ 46,805,121	100%

Governmental activities increased the Authority's net position by \$30,595,203. The most significant factors contributing to the governmental activities increases were: (1) the appropriation of \$9,000,000 from the State of Delaware to the Housing Development Fund for the purpose of making loans and grants to meet affordable housing needs; (2) the appropriation of \$4,000,000 from the State of Delaware to fund and administer the Downtown Development Districts Grant Program for the purpose of community rehabilitation in designated areas within Delaware's cities and towns; (3) the appropriation of \$6,750,900 from the State of Delaware to serve individuals who have access to continuing supportive services but require affordable housing to live safely and independently in the community; and (4) the appropriation of \$4,000,000 from the State of Delaware for the Strong Neighborhoods Housing fund.

Business-type Activities

Business-type Activities Net (Expenses)/Revenues by Function

<u>Function</u>	Fiscal Year 2021			Fiscal
	Expenses	Revenues	Net (Exp)/Rev	Year 2020
Affordable rental housing	\$ 87,783,516	\$ 88,199,523	\$ 416,007	\$ 4,452,577
Community rehabilitation	4,759,810	4,757,580	(2,230)	(683)
Home ownership	2,587,277	12,209,106	9,621,829	1,622,850
Total	\$ 95,130,603	\$105,166,209	\$ 10,035,606	\$ 6,074,744

Business-type Activities Revenues by Source

<u>Source</u>	Fiscal Year 2021		Fiscal Year 2020	
	Revenue	Percent	Revenue	Percent
Charges for services	\$ 14,624,128	13%	\$ 8,769,069	10%
Operating grants and contributions	90,209,611	77%	63,407,690	72%
Capital grants and contributions	332,470	0%	1,625,608	2%
Other general revenues	11,564,647	10%	14,499,214	16%
Total	\$116,730,856	100%	\$ 88,301,581	100%

Business-type activities increased the Authority's net position by \$6,468,949. The key elements of this increase were: the receipt of \$10,745,545 in Emergency Rental Assistance Program Funds for the purpose of providing housing rental assistance subsidies offset by: (1) the transfer of administrative fees of \$1,952,447 from the Single Family Mortgage Revenue Bond Programs to the General Fund in support of operations; (2) \$2,336,739 interest expense on bonds; and (3) the transfer of over \$12,000,000 from the To-Be-Announced (TBA) fund to the Preferred Plus Loan program, governmental activities, in support of the programs' objectives to make down payment assistance available to qualified homebuyers.

Financial Analysis of the Authority's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful

measure of the Authority's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the Authority's governmental funds reported combined ending fund balances of \$473,461,746, an increase of (6.7%) in comparison with the prior year. All of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the Authority. At the end of the current fiscal year, the fund balance of the General Fund was \$94,959,641, an increase of \$13,682,434 (16.8%) in comparison with the prior year. The key factors of this increase mostly consisted of General Fund revenues of \$4,861,590 from interest income, fees, and other income, combined with expenditures of \$6,937,174, and transfers in the amount of \$15,758,018 from the Single Family Programs which includes over \$12,000,000 for loans transferred to Authority Loans, \$1,952,447 for administrative fees, and Single Family Program loans to DSHA SMAL in the amount of \$389,663 and \$5,177,177 from the Moving to Work federal program, business type fund resulted in a net change in fund balance of \$13,682,434 in comparison to the previous year net change in fund balance of \$8,436,011. All of the General Fund balance is classified as either nonspendable, in the form of receivables and other prepaid items, or committed by the Authority to support operations and program activities.

The Housing Development Fund (HDF) had a total fund balance of \$277,851,589, of which \$250,173,245 is restricted, to be used for the specific purposes of HDF activities per enabling legislation and \$27,678,344 is committed, authorized for specific purposes but not yet disbursed at the statement date. The net increase in the fund balance during the current year in the HDF was \$9,378,603 (3.5%) in comparison with the prior year. The increase is the result of grants in the amount of \$9,000,000 from the State of Delaware used to generate mortgages and grants, \$4,054,225 in interest and investment income, \$1,503,496 in fee revenue, and \$5,214 in other revenue offset by Affordable Rental Housing expenditures of \$4,256,436.

The Downtown Development Districts Grant Program (DDD) had a fund balance of \$31,699,086, all of which is restricted, to be used for the specific purposes of DDD activities per enabling legislation. DDD was established and funded by State of Delaware legislation for the purpose of community rehabilitation in designated areas within Delaware's cities and towns. Investors who make qualified real property investments to commercial, industrial, residential and mixed-use buildings or facilities located within the boundaries of a designated DDD may apply to the Authority for a DDD grant. The State of Delaware appropriation of \$4,000,000 to the DDD Grant Program in fiscal year 2021 contributed significantly to the overall increase in the governmental funds fund balance.

The State Rental Assistance Program (SRAP), a non-major governmental fund, while not a significant contributor to the increase in fund balance, continues to provide housing assistance to at risk individuals and families with funds appropriated from the State of Delaware. The program's fund balance decreased by \$608,031. A contributing factor for the decrease was the needs for rental assistance for the population served exceeded the amounts provided by the Delaware General Assembly in the State budget.

The DSHA Second Mortgage Assistance Loan Program (DSHA SMAL), a non-major governmental fund, has a total fund balance of \$31,697,828, which is reported as restricted. The net increase in the fund balance during the fiscal year was \$754,990 (2.4%) in comparison with the prior year. The decrease was the result of interest income received and accrued in the amount of \$1,036,355, offset by a \$511,124 transfer to the Preferred Plus Program, a Business-type Activity, to fund the Authority's second mortgage assistance loan initiatives.

Proprietary Funds

The financial statements for the Authority's proprietary funds, which are all enterprise funds, provide the same type of information found in the entity-wide financial statements, but in more detail.

Restricted net position of the Federal Programs Fund at the end of the year amounted to \$88,422,678, and those of the Single Family Programs Funds amounted to \$50,418,862. The total decrease in net position for the Federal Programs Fund was \$757,978 (0.8%) in comparison with the prior year, primarily due to the receipt of \$1,531,954 in HOME Program grant and \$1,138,095 of interest on loans offset by operating expenses in the program of \$1342,921, the receipt of \$10,745,545 in ERA Program funds offset by operating expenses in the program of \$11,775,442, the receipt of \$2,086,068 of HTF Program funds offset by operating expenses in the program of \$312,973, the receipt of \$13,896,281 of DEHAP Program funds offset by operating expenses in the program \$15,892,161, and the decrease of \$924,803 for the MTW program due to the transfer of property from the program to the general fund.

The total increase in net position for the Single Family Program Funds was \$7,226,927 (16.7%) in comparison with the prior year. This is primarily due to the receipt of approximately \$18,000,000 in interest income and gains on the sale of investments within the DSHA Mortgaged Backed Securities Purchase Program resulting from mortgage backed security purchases and sales in the To-Be-Announced (TBA) market. This was offset by net transfers out of \$9,950,350.

General Fund Budget

Under Governmental Accounting Standards Board (GASB) Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Authority is not legally required to adopt a budget for the general fund. Therefore, budget comparison information is not included in the Authority's financial statements. However, the Authority does implement an executive budget each fiscal year. The executive budget is reviewed and approved by the Director, monitored for compliance on a monthly basis, and any use of the general fund beyond the approved executive budget must be approved by the Director.

Capital Asset and Debt Administration

Capital Assets

The Authority's investment in capital assets for its governmental and business type activities as of June 30, 2021, amounts to \$7,796,253 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment. The total decrease in the Authority's investment in capital assets for the current fiscal year was 12.7% (a 56.5% increase for governmental activities and a 29.2% decrease for business-type activities). The net capital asset additions and improvements for the fiscal year were greater than the decrease in capital assets was due to depreciation expense on existing capital assets. Major capital asset events during the fiscal year included the following:

- Improvements to DSHA offices.
- Sales of three public housing sites.

Delaware State Housing Authority's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 572,769	\$ 509,500	\$ 937,559	\$ 1,000,828	\$ 1,510,328	\$ 1,510,328
Buildings held for resale	-	-	261,292	261,292	261,292	261,292
Construction in progress	-	725,740	-	36,366	-	762,106
Buildings	1,394,907	459,554	843,592	1,302,237	2,238,499	1,761,791
Land/site improvements	539,402	-	2,319,207	3,535,058	2,858,609	3,535,058
Vehicles	-	-	16,048	23,780	16,048	23,780
Other equipment	186,338	26,055	725,139	1,047,718	911,477	1,073,773
Total	\$ 2,693,416	\$ 1,720,849	\$ 5,102,837	\$ 7,207,279	\$ 7,796,253	\$ 8,928,128

Additional information on the Authority's capital assets can be found in note IV., D. on page 54 of this report.

Long-term Debt

At the end of the current fiscal year, Delaware State Housing Authority had total bonded debt outstanding of \$52,286,455 and notes payable of \$1,000,000. The Authority's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Delaware State Housing Authority's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Notes Payable	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -
Revenue bonds payable	-	-	52,781,394	126,878,268	52,781,394	126,878,268
Total	\$ 1,000,000	\$ -	\$ 52,781,394	\$ 126,878,268	\$ 53,781,394	\$ 126,878,268

The Authority's outstanding debt, excluding compensated absences, decreased by \$74,096,874 (58.4%) in comparison to the prior year. Key factors in this decrease were Single Family Programs Enterprise Fund bond calls of \$72,927,105 and bond accretion of \$1,170,769.

The Authority maintains a range of "A3" to "Aaa" ratings from Moody's for revenue bonds. The Authority is authorized to issue bonds and notes in order to exercise its authorized powers. The Authority must abide by federal private activity caps. Authority bonds and notes issued are not the debt of the State of Delaware and the State is not liable for repayment of such debt.

Additional information on the Authority's long-term debt can be found in note IV., F. on pages 56-57 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Management, Delaware State Housing Authority, 18 The Green, Dover, DE 19901.

DELAWARE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2020)

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL 2021	TOTAL 2020
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 45,338,992	\$ 43,273,519	\$ 88,612,511	\$ 45,939,824
Investments	149,185,292	263,776,242	412,961,534	114,976,445
Mortgage loans receivable, net	525,632	722,565	1,248,197	1,776,382
Accrued interest & other receivables	3,912,103	1,237,602	5,149,705	1,351,636
Grants receivable-US Dept of HUD	-	509,066	509,066	112,359
Internal balances	654,798	(654,798)	-	-
Prepaid expenses	152,615	4,079,177	4,231,792	4,141,175
Total current assets	199,769,432	312,943,373	512,712,805	168,297,821
Non-current assets:				
Cash, restricted for payment of escrows	-	2,060,534	2,060,534	1,740,179
Investments	38,715,470	7,041,944	45,757,414	93,515,855
Securitized mortgage loans	6,070,359	35,386,033	41,456,392	140,862,442
Mortgage loans receivable, net	231,380,087	74,943,993	306,324,080	303,134,283
Accrued interest & other receivables, net	44,761,460	13,177,235	57,938,695	60,954,624
Internal balances	4,004,910	(4,004,910)	-	-
Capital assets:				
Capital assets not being depreciated	572,769	937,559	1,510,328	2,272,434
Capital assets net of accumulated depreciation	2,120,647	4,165,278	6,285,925	6,655,694
Total non-current assets	327,625,702	133,707,666	461,333,368	609,135,511
TOTAL ASSETS	527,395,134	446,651,039	974,046,173	777,433,332
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on State of DE Pension and OPEBs	4,130,455	-	4,130,455	1,064,094
Deferred amounts on bond refundings	-	39,894	39,894	63,130
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,130,455	39,894	4,170,349	1,127,224
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	390,239	6,110,002	6,500,241	1,095,358
Deferred Revenue	1,107,710	233,125,676	234,233,386	6,354,376
Due to State of Delaware-pension costs	1,443	1,035	2,478	2,478
Compensated absences payable	87,834	11,608	99,442	58,105
Accrued interest payable	-	356,207	356,207	-
Revenue bonds payable	-	494,939	494,939	2,311,909
Total current liabilities	1,587,226	240,099,467	241,686,693	9,822,226
Non-current liabilities:				
Compensated absences payable	699,032	408,153	1,107,185	1,011,684
State of Delaware pension obligation	186,376	-	186,376	267,335
OPEB liability	10,838,428	-	10,838,428	7,438,468
Escrow deposits	49,330,227	9,140,299	58,470,526	58,510,063
Notes payable	1,000,000	-	1,000,000	-
Revenue bonds payable	-	52,286,455	52,286,455	124,567,359
Total non-current liabilities	62,054,063	61,834,907	123,888,970	191,794,909
TOTAL LIABILITIES	63,641,289	301,934,374	365,575,663	201,617,135
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on State of DE Pension and OPEBs	6,084,961	-	6,084,961	7,076,059
Deferred amounts on bond refundings	-	1,839,270	1,839,270	2,214,886
TOTAL DEFERRED INFLOWS OF RESOURCES	6,084,961	1,839,270	7,924,231	9,290,945
NET POSITION				
Invested in capital assets	2,693,416	5,102,837	7,796,253	8,928,128
Restricted by federal and state regulations	350,843,761	88,422,678	439,266,439	428,684,918
Restricted by bond covenants	-	50,418,862	50,418,862	43,191,935
Restricted for Authority Loan Program	27,678,344	-	27,678,344	57,265,641
Unrestricted, for Authority's purposes	80,583,818	(1,027,088)	79,556,730	29,581,854
TOTAL NET POSITION	\$ 461,799,339	\$ 142,917,289	\$ 604,716,628	\$ 567,652,476

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

DELAWARE STATE HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

FUNCTION	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL
					2021	2020	2020
Governmental activities:							
Administrative	\$ 4,507,179	\$ 4,628,937	\$ 134,000	\$ -	\$ 255,758	\$ -	\$ (2,711,806)
Affordable rental housing	12,430,622	4,994,674	15,750,900	-	8,314,952	-	7,637,814
Community rehabilitation	3,746,535	-	8,000,000	-	4,253,465	-	4,316,367
Home ownership	1,363,329	3,713,346	-	-	2,350,017	-	2,050,729
Housing rehabilitation	15,040	34,760	-	-	19,720	-	5,030
Total governmental activities	\$ 22,062,705	\$ 13,371,717	\$ 23,884,900	\$ -	\$ 15,193,912	\$ -	\$ 11,298,134
Business-type activities:							
Affordable rental housing	\$ 87,783,516	\$ 2,361,890	\$ 85,505,163	\$ 332,470	\$ -	\$ 416,007	\$ 4,452,577
Community rehabilitation	4,759,810	53,132	4,704,448	-	-	(2,230)	(683)
Home ownership	2,587,277	12,209,106	-	-	-	9,621,829	1,622,850
Total business-type activities	\$ 95,130,603	\$ 14,624,128	\$ 90,209,611	\$ 332,470	\$ 10,035,606	\$ 10,035,606	\$ 6,074,744
General revenues:							
Investment income, gains/(losses) on investments, and miscellaneous earnings					269,987	7,561,154	16,997,544
Gain/(Loss) on Disposal of Property					-	4,003,493	-
Transfers					15,131,304	(15,131,304)	-
Total general revenues and transfers					15,401,291	(3,566,657)	11,834,634
Change in net position					30,595,203	6,468,949	34,370,422
Net position, beginning of year					431,204,136	136,448,340	533,282,054
Net position, end of year					\$ 461,799,339	\$ 142,917,289	\$ 604,716,628
							\$ 567,652,476

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



DELAWARE STATE HOUSING AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2020)

	GENERAL FUND	HOUSING DEVELOPMENT FUND	DOWNTOWN DEVELOPMENT DISTRICTS GRANT FUND	STATE RENTAL ASSISTANCE PROGRAM	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
						2021	2020
ASSETS							
Cash & cash equivalents	\$ 8,001,396	\$ 16,105,002	\$ 387,922	\$ 2,372,448	\$ 18,472,224	\$ 45,338,992	\$ 27,275,733
Investments	30,433,758	110,923,309	31,306,802	1,084,981	14,151,912	187,900,762	178,812,608
Securitized mortgage loans	6,070,359	-	-	-	-	6,070,359	7,059,994
Interfund receivables	4,939,333	534,266	4,362	-	14,384	5,492,345	4,316,332
Loans receivable:							
Mortgages receivable, net	40,013,245	166,938,088	-	-	24,954,386	231,905,719	228,643,279
Accrued interest & other receivables	7,876,426	32,438,721	-	138,900	8,219,516	48,673,563	48,442,438
Prepaid items	152,615	-	-	-	-	152,615	151,860
TOTAL ASSETS	\$ 97,487,132	\$ 326,939,386	\$ 31,699,086	\$ 3,596,329	\$ 65,812,422	\$ 525,534,355	\$ 494,702,244
LIABILITIES & FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 377,404	\$ 12,835	\$ -	\$ -	\$ -	\$ 390,239	\$ 477,949
Due to St of Delaware-pension costs	1,443	-	-	-	-	1,443	1,443
Interfund payables	401,222	-	-	424,059	7,356	832,637	39,716
Deferred revenue	1,107,710	-	-	-	-	1,107,710	-
Escrow deposits	249,359	49,074,962	-	-	5,906	49,330,227	50,255,614
TOTAL LIABILITIES	2,137,138	49,087,797	-	424,059	13,262	51,662,256	50,774,722
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts on Developer Fee	390,353	-	-	-	-	390,353	390,353
TOTAL DEFERRED INFLOWS OF RESOURCES	390,353	-	-	-	-	390,353	390,353
FUND BALANCES							
Nonspendable	51,940,683	-	-	-	-	51,940,683	43,635,736
Restricted	-	250,173,245	31,699,086	3,172,270	65,779,517	350,824,118	342,613,482
Committed	43,018,958	27,678,344	-	-	-	70,697,302	57,265,641
Assigned	-	-	-	-	19,643	19,643	22,310
TOTAL FUND BALANCES	94,959,641	277,851,589	31,699,086	3,172,270	65,799,160	473,481,746	443,537,169
TOTAL LIABILITIES & FUND BALANCES	\$ 97,487,132	\$ 326,939,386	\$ 31,699,086	\$ 3,596,329	\$ 65,812,422	\$ 525,534,355	\$ 494,702,244

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

DELAWARE STATE HOUSING AUTHORITY
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
 THE STATEMENT OF NET POSITION
 JUNE 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS (page 18)	\$ 473,481,746
Pension and other post-employment benefits (OPEB) assets/(liabilities) are not financial resources and, therefore, are not reported in the funds	(11,024,804)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,693,416
Deferred outflows of resources related to State of Delaware pensions and OPEBs	4,130,455
Long-term liabilities are not due and payable in the current period and, therefore not reported in the funds.	(1,786,866)
Deferred inflows of resources related to Developer Fee	390,353
Deferred inflows of resources related to State of Delaware pensions and OPEBs	<u>(6,084,961)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES (page 15)	<u>\$ 461,799,339</u>

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

DELAWARE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	GENERAL FUND	HOUSING DEVELOPMENT FUND	DOWNTOWN DEVELOPMENT DISTRICTS GRANT FUND	STATE RENTAL ASSISTANCE PROGRAM	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
						2021	2020
REVENUES							
Interest income:							
Investments	\$ 321,837	\$ 568,261	\$ 22,476	\$ 1,922	\$ 10,691	\$ 925,187	\$ 2,313,083
Loans	1,935,132	3,485,964	-	-	1,125,500	6,546,596	5,684,091
Total interest income	2,256,969	4,054,225	22,476	1,922	1,136,191	7,471,783	7,997,174
Grants	134,000				-	134,000	43,000
Payments from primary government	-	9,000,000	4,000,000	6,750,900	4,000,000	23,750,900	28,270,000
Gains/(losses) on investments	(223,184)	(432,016)	-	-	-	(655,200)	605,606
Fees	2,246,080	1,503,496	-	-	47,400	3,796,976	3,702,337
Other revenue	447,725	5,214	-	-	2,575,206	3,028,145	1,637,861
TOTAL REVENUES	4,861,590	14,130,919	4,022,476	6,752,822	7,758,797	37,526,604	42,255,978
EXPENDITURES							
Current:							
Administrative	5,945,187	-	-	-	-	5,945,187	6,209,228
Affordable rental housing	-	4,256,436	-	7,360,853	813,333	12,430,622	14,028,328
Community rehabilitation	-	-	2,857,974	-	888,560	3,746,534	7,201,234
Home ownership	-	-	-	-	520,692	520,692	1,198,572
Housing rehabilitation	-	-	-	-	15,040	15,040	23,116
Capital Outlay	991,987	-	-	-	-	991,987	725,740
TOTAL EXPENDITURES	6,937,174	4,256,436	2,857,974	7,360,853	2,237,625	23,650,062	29,386,218
EXCESS/(DEFICIT) REVENUE OVER EXPENDITURES	(2,075,584)	9,874,483	1,164,502	(608,031)	5,521,172	13,876,542	12,869,760
OTHER FINANCING SOURCES (USES)							
Debt Proceeds	-	-	-	-	1,000,000	1,000,000	-
Transfers in	18,184,969	704,120	-	-	1,001,899	19,890,988	15,403,845
Transfers out	(2,426,951)	(1,200,000)	-	-	(1,196,002)	(4,822,953)	(10,224,702)
TOTAL OTHER FINANCING SOURCES (USES)	15,758,018	(495,880)	-	-	805,897	16,068,035	5,179,143
NET CHANGE IN FUND BALANCES	13,682,434	9,378,603	1,164,502	(608,031)	6,327,069	29,944,577	18,048,903
FUND BALANCES, BEGINNING	81,277,207	268,472,986	30,534,584	3,780,301	59,472,091	443,537,169	425,488,266
FUND BALANCES, ENDING	\$ 94,959,641	\$ 277,851,589	\$ 31,699,086	\$ 3,172,270	\$ 65,799,160	\$ 473,481,746	\$ 443,537,169

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

DELAWARE STATE HOUSING AUTHORITY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
 THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

NET CHANGES IN FUND BALANCE-TOTAL GOVERNMENTAL FUNDS (page 20)	\$	29,944,577
Governmental funds report other post-employment benefit (OPEB) expenditures equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. However, in the statement of activities, OPEB expense for the year is reported in relation to the change in the net OPEB Liability. This amount is the net effect of this difference in the treatment of OPEB expenditure/expense.		697,782
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This amount is the net difference in the treatment of capital outlay.		909,298
Compensated absences which are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(60,399)
Governmental funds report debt proceeds as a source of funds. However, this is not revenue on the statement of activities		(1,000,000)
The Authority transferred land from the Federal Programs Enterprise Fund to the General Fund. This noncash transfer of Capital Assets is not reported in the Governmental Funds.		63,269
Governmental funds report DSHA pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
State of Delaware pension contributions	\$	34,501
Cost of benefits earned net of employee contributions		6,175
		<u>40,676</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 16)	\$	<u><u>30,595,203</u></u>

DELAWARE STATE HOUSING AUTHORITY
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2020)

	FEDERAL PROGRAMS ENTERPRISE FUND	SINGLE FAMILY PROGRAMS ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS	
			2021	2020
ASSETS				
Current Assets:				
Cash & cash equivalents	\$ 14,802,432	\$ 28,471,087	\$ 43,273,519	\$ 18,664,091
Investments	232,148,463	31,627,779	263,776,242	23,240,750
Mortgage loans receivable, net	-	722,565	722,565	970,427
Accrued interest and other receivables	212,725	1,024,877	1,237,602	1,519,134
Grants receivable-US Dept of HUD	509,066	-	509,066	112,359
Interfund receivables	189,176	-	189,176	5,742
Prepaid expenses	4,079,177	-	4,079,177	3,989,315
Total current assets	251,941,039	61,846,308	313,787,347	48,501,818
Non-Current Assets:				
Cash, restricted for payment of escrows	2,060,534	-	2,060,534	1,740,179
Investments	7,041,944	-	7,041,944	6,438,942
Securitized mortgage loans	-	35,386,033	35,386,033	133,802,448
Mortgage loans receivable, net	66,544,516	8,399,477	74,943,993	75,296,959
Accrued interest and other receivables, net	13,074,343	102,892	13,177,235	12,344,688
Interfund receivables	-	-	-	24,457
Capital assets not being depreciated	937,559	-	937,559	1,037,194
Capital assets net of accumulated depreciation	4,165,278	-	4,165,278	6,170,085
Total non-current assets	93,824,174	43,888,402	137,712,576	236,854,952
TOTAL ASSETS	345,765,213	105,734,710	451,499,923	285,356,770
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on bond refunding	-	39,894	39,894	63,130
TOTAL DEFERRED OUTFLOW OF RESOURCES	-	39,894	39,894	63,130
LIABILITIES				
Current Liabilities:				
Accounts payable	6,103,931	6,071	6,110,002	617,409
Deferred Revenue	233,125,676	-	233,125,676	6,354,376
Due State of Delaware-pension costs	1,035	-	1,035	1,035
Interfund payables	471,174	372,750	843,924	491,015
Compensated absences payable	11,608	-	11,608	-
Accrued interest payable	-	356,207	356,207	-
Revenue bonds payable	-	494,939	494,939	2,311,909
Total current liabilities	239,713,424	1,229,967	240,943,391	9,775,744
Non-Current Liabilities:				
Interfund payables	4,004,910	50	4,004,960	3,815,800
Compensated absences payable	408,153	-	408,153	343,322
Escrow deposits	9,140,299	-	9,140,299	8,254,449
Revenue bonds payable	-	52,286,455	52,286,455	124,567,359
Total non-current liabilities	13,553,362	52,286,505	65,839,867	136,980,930
TOTAL LIABILITIES	253,266,786	53,516,472	306,783,258	146,756,674
DEFERRED INFLOW OF RESOURCES				
Deferred amount on bond refunding	-	1,839,270	1,839,270	2,214,886
TOTAL DEFERRED INFLOW OF RESOURCES	-	1,839,270	1,839,270	2,214,886
NET POSITION				
Invested in capital assets	5,102,837	-	5,102,837	7,207,279
Restricted by federal regulations	88,422,678	-	88,422,678	86,049,126
Restricted by bond covenants	-	50,418,862	50,418,862	43,191,935
Unrestricted	(1,027,088)	-	(1,027,088)	-
TOTAL NET POSITION	\$ 92,498,427	\$ 50,418,862	\$ 142,917,289	\$ 136,448,340

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

DELAWARE STATE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	FEDERAL	SINGLE	TOTAL ENTERPRISE	
	PROGRAMS	FAMILY	FUNDS	
	ENTERPRISE	ENTERPRISE		
	FUND	FUND	2021	2020
OPERATING REVENUES				
Interest income on loans	\$ 1,237,554	\$ 10,393,264	\$ 11,630,818	\$ 6,735,452
Federal housing program grants	90,209,611	-	90,209,611	63,407,690
Rental income	552,125	-	552,125	770,507
Amortization of deferred revenues	-	1,546,383	1,546,383	417,728
Miscellaneous	625,343	269,459	894,802	845,382
TOTAL OPERATING REVENUES	92,624,633	12,209,106	104,833,739	72,176,759
OPERATING EXPENSES				
Interest expense on bonds	-	2,336,739	2,336,739	4,387,820
Administrative	6,464,375	147,304	6,611,679	6,930,219
Grants and housing assistance payments	83,800,160	-	83,800,160	53,035,753
Public housing maintenance & utilities	1,292,676	-	1,292,676	2,079,993
Amortization of deferred expenses	-	23,236	23,236	27,517
Depreciation	986,115	-	986,115	1,196,173
Loan servicing fees	-	17,260	17,260	19,026
Other expenses	-	62,738	62,738	51,122
TOTAL OPERATING EXPENSES	92,543,326	2,587,277	95,130,603	67,727,623
OPERATING INCOME	81,307	9,621,829	9,703,136	4,449,136
NON-OPERATING INCOME/(EXPENSES)				
Investment income	5,706	14,102,514	14,108,220	11,005,636
Change in fair value of investments	-	(6,547,066)	(6,547,066)	3,493,578
Gain/(Loss) on Disposal of Property	4,003,493	-	4,003,493	-
TOTAL NON-OPERATING INCOME/(EXPENSES)	4,009,199	7,555,448	11,564,647	14,499,214
INCOME/(LOSS) BEFORE CAPITAL GRANTS AND OPERATING TRANSFERS				
	4,090,506	17,177,277	21,267,783	18,948,350
Capital grants	332,470	-	332,470	1,625,608
Transfers in	700,343	2,909,241	3,609,584	5,706,993
Transfers out	(5,881,297)	(12,859,591)	(18,740,888)	(10,886,136)
CHANGE IN NET POSITION	(757,978)	7,226,927	6,468,949	15,394,815
NET POSITION, BEGINNING	93,256,405	43,191,935	136,448,340	121,053,525
NET POSITION, ENDING	\$ 92,498,427	\$ 50,418,862	\$ 142,917,289	\$ 136,448,340

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

DELAWARE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	FEDERAL	SINGLE	TOTAL ENTERPRISE	
	PROGRAMS	FAMILY	FUNDS	
	ENTERPRISE	ENTERPRISE	2021	2020
	FUND	FUND		
OPERATING ACTIVITIES:				
Securitized mortgage loans principal repayments received	\$ -	\$ 19,367,179	\$ 19,367,179	\$ 22,722,910
Mortgage loans principal repayments received	11,625,687	1,707,550	13,333,237	2,336,504
Mortgage interest payments received	416,787	10,637,282	11,054,069	5,943,913
Grants received	316,584,204	-	316,584,204	69,872,259
Rental and related rental income	577,859	-	577,859	751,334
Insurance claims received	-	18,539	18,539	261,383
Escrow receipts	3,143,053	-	3,143,053	1,972,335
Other receipts	625,343	269,459	894,802	840,136
New mortgages disbursed	(12,779,311)	-	(12,779,311)	(6,307,493)
Grants disbursed	(78,239,921)	-	(78,239,921)	(52,806,448)
Goods/Services expenses	(3,186,132)	(141,310)	(3,327,442)	(2,393,406)
Employee expenses	(3,365,276)	-	(3,365,276)	(3,410,592)
Maintenance and utility expenses	(1,292,676)	-	(1,292,676)	(2,093,642)
Trustee and servicing fees paid	-	(44,227)	(44,227)	(58,269)
Foreclosure disbursements	-	(7,408)	(7,408)	-
Escrow disbursements	(2,203,386)	-	(2,203,386)	(1,664,251)
NET CASH PROVIDED BY OPERATING ACTIVITIES	231,906,231	31,807,064	263,713,295	35,966,673
NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from revenue bonds	-	-	-	-
Interfund payments received	700,313	2,909,241	3,609,554	8,085,467
Repayments of principal on revenue bonds	-	(74,097,875)	(74,097,875)	(25,444,683)
Payments of interest on revenue bonds	-	(809,765)	(809,765)	(4,387,819)
Interfund payments made	(812,283)	(12,859,591)	(13,671,874)	(10,413,008)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(111,970)	(84,857,990)	(84,969,960)	(32,160,043)
CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grant funds from US Dept of HUD	332,470	-	332,470	1,625,608
Proceeds from sales of capital assets	554,204	-	554,204	-
Purchase of capital assets	(54,449)	-	(54,449)	(808,850)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	832,225	-	832,225	816,758
INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments	31,422,523	229,659,042	261,081,565	88,235,825
Interest income on investments	5,706	37,433	43,139	241,685
Purchase of investment securities	(262,363,382)	(153,407,099)	(415,770,481)	(82,681,528)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(230,935,153)	76,289,376	(154,645,777)	5,795,982
NET INCREASE (DECREASE) IN CASH/CASH EQUIVALENT	1,691,333	23,238,450	24,929,783	10,419,370
CASH/CASH EQUIVALENTS, BEGINNING OF YEAR	15,171,633	5,232,637	20,404,270	9,984,900
CASH/CASH EQUIVALENTS, END OF YEAR	\$ 16,862,966	\$ 28,471,087	45,334,053	\$ 20,404,270

Continued on next page.

DELAWARE STATE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	FEDERAL PROGRAMS ENTERPRISE FUND	SINGLE FAMILY PROGRAMS ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS	
			2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES				
OPERATING INCOME/(LOSS)	\$ 81,307	\$ 9,621,829	\$ 9,703,136	\$ 4,449,136
Adjustments to reconcile operating income to net cash provided(used) by operating activities:				
Amortization of deferred bond costs	-	23,236	23,236	27,517
Amortization of bond premium	-	(1,546,383)	(1,546,383)	(417,728)
Depreciation expense	986,115	-	986,115	1,196,173
Interest expense on bonds	-	2,336,739	2,336,739	4,387,820
Decrease / (Increase) in fair value of securitized mortgage loans	-	(6,547,066)	(6,547,066)	3,493,578
Sale of securitized mortgage loans	-	(72,502,170)	(72,502,170)	-
Noncash transfers of mortgages and accrued interest	-	-	-	(2,723,813)
Changes in assets and liabilities:				
(Increase) decrease in accrued interest and other receivables	(1,191,740)	244,018	(947,722)	1,629,373
(Increase) decrease in securitized mortgage loans	-	98,416,415	98,416,415	19,229,332
(Increase) decrease in mortgage loans receivable	(1,153,624)	1,754,452	600,828	(2,226,058)
(Increase) decrease in other assets	(89,862)	-	(89,862)	(10,646)
Increase (decrease) in accounts payable and accrued expenses	5,563,068	5,994	5,569,062	269,529
Increase (decrease) in deferred revenue	226,771,300	-	226,771,300	6,354,376
Increase (decrease) in escrow deposits	939,667	-	939,667	308,084
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 231,906,231	\$ 31,807,064	\$ 263,713,295	\$ 35,966,673
NONCASH NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(4,558,796)	-	(4,558,796)	(2,723,813)
NET NONCASH TRANSFERS	\$ (4,558,796)	\$ -	\$ (2,723,813)	\$ (2,723,813)
NONCASH INVESTING ACTIVITIES				
Increase (decrease) in fair value of escrow investments	\$ (54,400)	\$ -	\$ (54,400)	\$ 76,037

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

DELAWARE STATE HOUSING AUTHORITY
 STATEMENTS OF FIDUCIARY NET POSITION
 JUNE 30, 2021 AND 2020

	<u>DSHA RETIREE MEDICAL TRUST</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 500
Interest receivable on investments	31,250	35,582
Interest receivable on loans	4,623	4,718
Investments, at fair value:		
Savings account	40,974	66,636
Corporate Notes	2,641,227	2,860,116
Commercial Paper	568,857	249,798
U.S. Treasury Obligations	1,225,655	823,068
U.S. Government Agencies	4,174,741	3,952,247
Loans receivable	1,109,568	1,132,380
Total assets	<u>9,796,895</u>	<u>9,125,045</u>
LIABILITIES		
Accounts payable	<u>1,200</u>	<u>1,114</u>
Total liabilities	<u>1,200</u>	<u>1,114</u>
NET POSITION		
Net Position Restricted for OPEB	<u>\$ 9,795,695</u>	<u>\$ 9,123,931</u>

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

DELAWARE STATE HOUSING AUTHORITY
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>DSHA RETIREE MEDICAL TRUST</u>	
	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employer contributions	\$ 778,725	\$ 784,124
Total contributions	<u>778,725</u>	<u>784,124</u>
Investment earnings:		
Interest	152,503	160,823
Interest on loan	56,006	57,121
Net increase (decrease) in fair value	<u>(132,315)</u>	<u>178,817</u>
Total investment earnings	76,194	396,761
Less: Investment expense	<u>(4,587)</u>	<u>(4,099)</u>
Net investment earnings	<u>71,607</u>	<u>392,662</u>
Total additions	<u>850,332</u>	<u>1,176,786</u>
 DEDUCTIONS		
Benefits paid	168,668	131,859
Administrative expenses	<u>9,900</u>	<u>9,700</u>
Total deductions	<u>178,568</u>	<u>141,559</u>
 Net Increase in net position	671,764	1,035,227
Net position - beginning	<u>9,123,931</u>	<u>8,088,704</u>
Net position - ending	<u>\$ 9,795,695</u>	<u>\$ 9,123,931</u>

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

**DELAWARE STATE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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**DELAWARE STATE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The Delaware State Housing Authority (the Authority) was created in 1968 by an act of the General Assembly of the State of Delaware (the State). The Authority, which is a public corporation, was originally established as the Department of Housing. It was organized under the Department of Community Affairs in 1970 and under the Delaware Economic Development Office in 1987. The Authority was established in July 1998 as an independent Authority in the Executive Department, reporting directly to the Governor of the State, institutionalizing the role of affordable housing as a key aspect of State policy. For financial reporting purposes, the Authority is a discretely presented component unit of the State.

The Authority is authorized, among other things, to (1) make mortgage, construction and other loans to not-for-profit and limited-profit housing sponsors, (2) make loans to mortgage lenders, requiring the proceeds thereof to be used for making new qualified residential mortgage loans, (3) purchase qualified mortgage loans from mortgage lenders, and (4) apply for and receive assistance and subsidies under programs from the Federal government and others.

The Authority is authorized to issue bonds and notes in order to exercise its authorized powers. The Authority must abide by federal private activity caps. Bonds and notes issued by the Authority are not a debt or liability of the State (nor any political subdivision or agency thereof), and the faith, credit, nor taxing power of the State is not liable for repayment of such obligations. Bonds and notes of the Authority are secured solely by the revenues, loans and other pledged assets under the related Bond Indenture and are not payable from any other revenues of the Authority. Furthermore, the Authority has no taxing power.

In 1987, the State transferred the administrative responsibility for the Housing Development Fund (HDF), Community Development Block Grant and the Delaware Housing Insurance Fund to the Authority, and accordingly, the basic financial statements of the Authority include these activities.

B. Entity-wide and fund financial statements

The financial statements include certain prior-year summarized comparative information in total but not by activity type or fund. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2020 from which the summarized information was derived.

The Authority's financial report consists of entity-wide financial statements and fund financial statements, accompanied by notes to the financial statements, a management's discussion and analysis, and supplementary information.

The entity-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Authority. Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, the effect of interfund activity has been eliminated from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by state grants, interest income, and transfers, are reported

separately from business-type activities, which rely to a significant extent on federal grants, interest income, mortgage repayments, and bond proceeds for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are allocated to a specific function in accordance with the Authority's U.S. Department of Housing and Urban Development (HUD) approved cost allocation plan, to the extent available for recovery. Interest expense on long-term debt is included in the direct expense of an individual function on the entity-wide statement of activities. Program revenues include 1) charges to clients or applicants who use or directly benefit from services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Investment income and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as applicable. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent in accordance with the Authority's enabling legislation, the various note and bond resolutions and indentures, and/or the requirements of the HUD.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the entity-wide financial statements. Major governmental and enterprise funds are reported as separate columns in the fund financial statements. The Authority reports the General Fund, the Housing Development Fund, the Downtown Development Districts Grant Program, and the State Rental Assistance Program as major governmental funds. All other governmental funds are reported as non-major. The Authority also reports its two enterprise funds, the Federal Programs and the Single Family Programs funds, as major.

The Authority's funds are as follows:

Governmental Fund Types

The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund. The General Fund accounts for the primary operations of the Authority. The operational costs are supported by transfers of administrative fees, indirect cost fees, management fees, and surplus funds from the Single Family and Federal programs. The General Fund also receives support from the collection of certain other charges for services. The General Fund also accounts for certain single family, multi-family, and second mortgage assistance loans released from bond indenture requirements as a result of refunding the bonds with which the loans were originally associated. Once released from the bond indentures, these loans are considered assets of the Authority and revenues generated from them are accounted for in the General Fund.

Special Revenue Funds are used for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes (other than for major capital projects). The Authority's Special Revenue Funds are as follows:

- **Housing Development Fund (HDF)** – This program provides for the development of affordable housing on a statewide level. Funding for this program is made through appropriations from the General Assembly. These funds are typically loaned to qualified borrowers who can be either non-profit developers or for-profit developers;

however, a small portion of these funds are granted to non-profit groups when debt service or repayments are not feasible. To qualify, developers must commit to rent to a predetermined percentage of low and moderate-income individuals for 20 years or the term of the loan, whichever is longer. Various restrictions are placed on mortgages, loans and grants as specified in the closing documents. Because the HDF is a revolving fund, most of its financing activity is in the form of both short and long-term loans which are used to finance pre-development expenses and construction costs, as well as assist in permanent financing. The HDF is used for homeownership assistance on a limited basis. In association with the HDF, the Authority also administers the Low Income Housing Tax Credit Program (LIHTC). This statewide program provides a direct federal tax income tax credit to qualified owners and investors to build, acquire, or rehabilitate rental housing units to rent to working low-income Delawareans. It allows both corporate and private investors to receive a fair return on their investment in affordable housing. The equity raised through the tax credit investment makes it possible for developers to attract the financing needed to create or restore low-income rental housing. Application and monitoring fees generated from the administration of this program are recorded in the General Fund.

- **Downtown Development Districts Program (DDD)** – The Downtown Development District Act was created to leverage state resources in a limited number of designated areas in Delaware’s cities and towns to: (1) spur private capital investment in commercial business districts and other neighborhoods; (2) stimulate job growth and improve the commercial vitality of our cities and towns; and (3) help build a stable community of long-term residents in our downtowns and other neighborhoods. Under this Act, funding is allocated through the General Assembly to the Authority for the purpose of establishing and administering the DDD Grant Program. Investors who make qualified real property investments to commercial, industrial, residential, and mixed-use buildings or facilities located within the boundaries of a designated DDD may apply to the Authority for a DDD Grant. DSHA received \$4,000,000 for DDD as part of its fiscal year 2021 appropriation from the General Assembly.
- **State Rental Assistance Program (SRAP)** – SRAP is designed to serve individuals who have access to continuing supportive services but require affordable housing to live safely and independently in the community. This population includes youth exiting foster care, families for whom the lack of affordable housing is a barrier to reunification, individuals exiting long-term care facilities, and individuals at-risk of being admitted to, or requiring supportive services from, a state-supported institution. The program will utilize rental subsidies administered by the Authority for households referred by the Department of Health and Social Services (DHSS) and the Departments of Services for Children, Youth, and their Families (DSCYF). Funding for this program is received through appropriations from the General Assembly. DSHA received \$6,750,900 from the State of Delaware to support 2021 SRAP operations.
- **Delaware Emergency Mortgage Assistance Program (DEMAP)** – Funded through the Housing Development Fund, State Banking Commission licensing fees, and contributions, DEMAP is a loan program to help homeowners who have fallen behind on their mortgages due to financial hardships beyond their control. DEMAP low-interest loans provide eligible homeowners up to \$25,000 for reinstating delinquent mortgages and keeping the mortgage up to date for a period of up to 24 months from the date of delinquency. The Authority’s Housing Finance Office originates, underwrites, approves, and services these loans. There is a mortgage recorded against the subject property, in second or third lien position. In fiscal year 2013, The Authority received additional funding for DEMAP from the Delaware Department of Justice (DOJ) Mortgage Multistate Settlement Funds. The agreement between DOJ

and the Authority transferred \$4,812,500 into DEMAP for additional loans and allows principal repayments to remain in the original DEMAP account.

- **Delaware Housing Insurance Fund (DHIF)** – This program accounts for the activity related to the Authority’s administration of State funds which provide loan insurance for certain housing development loans. Additionally, the DHIF is used to pay debt service to SMAL bondholders for loans that foreclosed but were not forgiven by the bondholders.
- **Delaware Mortgage Mediation Program** – In January 2012, the Superior Court of the State of Delaware (the Court) delegated responsibility of administering the Automatic Residential Mortgage Foreclosure Mediation Program (Mediation Program) to the Consumer Protection Unit (CPU) of the Delaware Department of Justice. The CPU sub-delegated certain administrative responsibilities to the Authority. The Authority receives mediation fee payments from the Court and makes disbursements as detailed in a Memorandum of Understanding between the Authority, the CPU, and the Court. Disbursements include program and operating expenses and reimbursements to housing counseling agency and non-profit legal service entities that have provided housing counseling assistance in the Mediation Program.
- **DSHA Second Mortgage Assistance Program (DSHA SMAL)** – This program accounts for a program originally financed by the Housing Development Fund that provided second mortgage assistance loans to qualified first time home buyers who had inadequate savings to cover up-front costs associated with a home purchase. The Authority discontinued that program in February 2007, with no new loans being made after that date. Additionally, in August of 2008, the Delaware Housing Partnership granted a loan portfolio of over \$9 million to this program for the purpose of securing additional funding for second mortgage assistance. In fiscal year 2016, DSHA SMAL funded additional second mortgage assistance loans to qualified homebuyers with funds provided by the DSHA Mortgage Backed Securities Purchase/TBA Financing Program, a grant from the Housing Development Fund (HDF), and program income. In fiscal year 2018, the Authority created a new program called Preferred Plus to fund all new SMAL loans.
- **Home 4 Good** – The Authority has partnered with the Federal Home Loan Bank of Pittsburgh to establish the Home 4 Good Program. The program has been funded by a grant from the Federal Home Loan Bank of Pittsburgh and a transfer from the HDF. The purpose of the program is to provide direct funding to approved nonprofit organizations that provide Housing Support programs for Homelessness Prevention, Rapid Re-Housing, and other similar types of activities to very low and low-income residents. In May 2020, the grant agreement with Federal Home Loan Bank of Pittsburgh allocated \$700,000 from its Home 4 Good Program to be used by DSHA exclusively for DSHA’s DE HAP program to help meet the resulting challenges from COVID-19 and to help alleviate burdens faced by the communities served by DSHA and other housing finance agencies
- **Delaware Department of Justice (DOJ) Mortgage Multistate Settlement Funds** – This program accounts for \$8,888,923 paid to the State of Delaware from the National Mortgage Foreclosure Settlement. The settlement was the result of an investigation by State Attorneys General into widespread mortgage servicing fraud by five of the nation’s largest banks. The use of the funds is restricted to housing-related and financial fraud-related purposes. The Authority entered into a Memorandum of Understanding (MOU) with the Delaware DOJ detailing joint oversight and coordination of the settlement funds. The MOU specifies the allocation of the funds

for housing counseling, education and outreach, legal aid, and foreclosure prevention assistance.

- **Housing Rehabilitation Loan Program (HRLP)** - The HRLP was funded through the Housing Development Fund. The purpose of the program is to encourage the preservation of existing housing stock already occupied by low and moderate income people. This program provides an interest rate of 3% on housing rehabilitation loans to qualified owner-occupants and to landlords who rent their units to low-income persons. Owner occupants and investors may borrow 100% of rehabilitation costs. The limit on such rehabilitation costs is \$35,000 for owner-occupied and \$25,000 for investor owned. Loans carry up to a 15 year term. These loans are originated by one of four Local Administering Agencies (LAA), New Castle County, Kent County, Sussex County, and City of Wilmington. The Authority underwrites and approves the loans. Artisans Bank services these loans. Based on declining demand, the Authority suspended accepting new HRLP applications as of November 2013. The remaining HRLP funds are gradually being transferred to the DSHA SMAL as repayments are received.
- **Pre-Development Loan Program** – The Pre-Development Loan Program is an HDF program that supports the development of housing for low- and moderate-income households. The program lends funds to non-profit entities to finance pre-development expenses of future affordable housing projects.
- **Preferred Plus** – In fiscal year 2018, DSHA SMAL funded additional second mortgage assistance loans to qualified homebuyers with funds provided by DSHA's Preferred Plus program. This program provides no-interest second-mortgage loans of two percent to five percent of the homebuyers' overall loan amount.
- **Strong Neighborhoods Housing Fund (SNHF)** – The Authority received \$2,906,300 from the JPMorgan/Chase Mortgage Settlement, as part of the fiscal year 2015 appropriation from the General Assembly, to establish the Strong Neighborhoods Housing Fund. The SNHF is set up as a revolving fund to be used for the acquisition, renovation, and sale of vacant, abandoned, foreclosed or blighted property throughout the State. The funds are targeted for efforts that: (1) support community development and (2) transform neighborhoods that are experiencing blight or other forms of stress, including high crime.
- **Sustainable Energy Utility Loan Fund (SEULF)** – The Authority borrowed \$1,000,000 from the Delaware Sustainable Energy Utility during fiscal year 2021, to establish the Sustainable Energy Utility Loan Fund. The SEULF is set up as a loan fund to finance new construction projects that meet or exceed DSHA's Base Level Energy and Green Standards and to support affordable multifamily housing projects that are awarded Low Income Housing Tax Credits and other financing from DSHA. The loan requires repayment to the Sustainable Energy Utility upon receipt of interest and principal payment from borrowers.
- **Wilmington Senior Tax Assistance Program (WSTAP)** – The Wilmington Senior Tax assistance Program is designed to assist homeowners in the City of Wilmington who are 62 years of age or older and facing imminent foreclosure due to delinquent property taxes, or sewer and water bills. This program is funded with grants from United Way of Delaware and the City of Wilmington. Program payments of taxes and/or water/sewer bills for approved applicants are made by the Authority directly to the City of Wilmington. The maximum grant amount available under this program is \$3,000.

Proprietary Fund Type

Two Enterprise funds are used to account for the activities of the Authority's Federal Programs and Single Family Programs as described below:

Federal Programs Fund

Moving To Work Demonstration Program (MTW) – The MTW Demonstration Program offers the Authority the opportunity to design and test housing and self-sufficiency strategies for low-, very-low, and extremely low-income families by allowing exemptions from existing public housing and tenant-based Housing Choice Voucher rules and, with HUD approval, permits the Authority to combine operating, capital, and tenant-based assistance funds into a single agency-wide funding source.

The MTW program provides housing assistance for a maximum of five years to low-income Delawareans. Participants in the Moving To Work Program sign a Contract of Mutual Participation which outlines a plan to assist them in becoming more financially independent.

The MTW Demonstration Program does not provide any additional funding to the Authority. Funding originates from the following HUD programs:

- **Capital Fund Program (CFP)** – This program provides funding for the modernization of the Authority's public housing sites.
- **Housing Choice Voucher Program (HCVP)** - This program provides housing subsidies through the Authority's consolidated MTW program to eligible low-income individuals and families to rent existing privately owned units from participating landlords in Kent and Sussex Counties. The Authority administers this program and rents are subsidized by HUD. To qualify, residents must meet income criteria and each landlord must meet federal housing quality standards.
- **Public Housing (PH)** - Accounts for the activity related to the Authority's operation of seven housing projects or sites under the HUD Low Income Housing Program. Under this Program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating and debt service expenses of the projects. Escrow deposits in this program represent amounts set aside from rental income for participants within the Public Housing Program who also participate in the Authority's Moving To Work (MTW) Program. The MTW Program provides housing assistance for a maximum of five years to low-income Delawareans. Participants in the MTW program sign a Contract of Mutual Participation which outlines a plan to assist them in becoming more financially independent.

Community Development Block Grants - Grants received from HUD are distributed as loans or grants in furtherance of community development. The grants accounted for under this program are as follows:

- **Community Development Block Grant (CDBG)** - This grant program provides funding for rehabilitation, demolition, and Housing Code enforcement to maintain and improve existing housing, and provide the infrastructure to support this housing for low and moderate income persons. Eligible local governments implement this program by adopting a local Community Housing and Development Plan and submitting an application to the Authority for approval. A review panel evaluates applications based upon the extent of low-income individuals affected. Currently, only Kent and Sussex Counties, and municipalities within those two counties are eligible to apply under this program.

- **Emergency Solutions Program (ESP)** - This grant program provides existing emergency housing providers with assistance to expend and renovate homeless shelters and provides supportive housing service assistance to homeless persons and families in Kent and Sussex Counties.
- **Housing Opportunities for People With AIDS (HOPWA)** - This grant program provides funding for payment of project-based and/or tenant-based rental assistance, including shared housing, rent, mortgage, and/or utility payments to prevent homelessness for the tenant or mortgagor, in Kent and Sussex Counties. Funds may also be used for supportive services. The funds are awarded to the Delaware HIV Consortium.
- **Neighborhood Stabilization Program (NSP)** - The purpose of this grant program is (1) to assist communities that have been, or are likely to be, affected by foreclosed and abandoned properties by stimulating re-use of the property, and (2) to provide affordable rental and homeownership opportunities to households at or below 120% of Area Median Income (AMI), with 25% of the funds targeted to provide assistance to households at less than 50% of AMI.

Other Federal Funded Programs

- **Comprehensive Housing Counseling Program (CHC)** – This program accounts for HUD funding provided for housing counseling grants to HUD-approved local housing counseling agencies. These agencies counsel homeowners, homebuyers, prospective renters, and tenants under HUD, conventional and other government programs in improving their housing conditions and in meeting the responsibilities of tenancy and homeownership.
- **Family Unification Program (FUP)** – HUD funding provided for housing vouchers to be made available to families for whom the lack of adequate housing is a primary factor in the separation, or threat of imminent separation, of children from their families or in the prevention of reunifying the children with their families. The vouchers are also available to provide housing assistance to youth between 18 and 21 years of age who have left foster care. To qualify, residents must meet income criteria and each landlord must meet federal housing quality standards.
- **HOME Investment Partnership Program (HOME)** - HUD funding provided for low-interest and interest-free loans and/or grants to nonprofit and limited profit housing sponsors for the development of certain housing for low-to-moderate income persons.
- **NeighborWorks America Grants Program** – The Authority administers awards from NeighborWorks America, a congressionally chartered nonprofit organization dedicated to improving distressed communities. The Authority's role is that of an administrative pass-through agency to local nonprofit agencies. Currently the Authority administers two NeighborWorks America grant programs: (1) National Foreclosure Mitigation Counseling Program (NFMC) – agencies are paid set fees per client for mortgage delinquency and foreclosure prevention counseling sessions and (2) Making Home Affordable Outreach and Intake Project (MHA) – agencies are paid a set fee per client for homeownership pre-purchase counseling sessions.
- **Second Chance Act Reentry Initiative/I-ADAPT Housing** – The Authority has partnered with the Criminal Justice Council (CJC), a state government council, to distribute a portion of U.S. Department of Justice funds the CJC received as part of

its Second Chance Act Adult State Demonstration Competitive Grant. The Authority's portion of this demonstration program is designed to assist offenders to attain and maintain shelter. Individuals receive financial assistance (1) with security deposits, utility deposits, and utility arrears; (2) for crisis housing; and/or (3) with short term rental assistance.

- **Section 8 Contract Administration (CA)** – The Authority administers Housing Assistance Payment (HAP) contracts for 60 HUD financed/insured Section 8 developments in Delaware.
- **Section 811 Project Rental Assistance Demonstration Program (S811 PRAD)** – This program accounts for HUD funding provided to create and sustain 170 units of affordable housing over five years for persons with disabilities who have extremely low incomes. The Authority and Delaware Department of Health and Social Services work together to identify persons with disabilities who require long-term services and support to live independently in the community with the Authority managing the housing subsidy.
- **Housing Trust Fund** – This program is a compliment to existing Federal, State, and local efforts to increase and preserve the supply of affordable housing for extremely low and very low-income households including families experiencing homelessness.
- **ROSS Grant** – A Resident Service Case Manager will serve Teenage, Disabled, and elderly residents (Public Housing and Housing Choice Voucher) to provide job training opportunities, financial literacy classes, legal assistance, mental health counseling to promote successful outcomes.
- **2017 Mainstream Voucher** – In September 2018, HUD awarded the Authority 50 Mainstream Housing Choice Vouchers to provide nonelderly persons with disabilities exiting institutions or exiting homelessness with immediate access to permanent housing. This program is a subset of HUD's Housing Choice Voucher program.
- **Delaware Housing Assistance Payment (DE HAP)** - This program provides housing rental assistance subsidies through Coronavirus Relief Funds from the State of Delaware of \$7,500,000 coupled by funding from HDF, Home4Good, and the State's three counties. The goal of DE HAP is to prevent evictions, assist Delaware renter households, and help to stabilize the rental housing market by providing rental assistance. Maximum assistance is \$5,000. Households that received DE HAP assistance in the first round can receive it again. Arrears balances (from March 1, 2020 – on) plus the coming month due can be paid at one time. To target the households in greatest need, maximum income is 60% of the Area Median Income. Landlords are required to agree that by accepting DEHAP payment they agree to not pursue eviction due to nonpayment of rent for at least 60 days.

Tenants who are receiving ongoing federal or state rental assistance, project-based or tenant- based, are not eligible. DSHA is ensuring the availability of other homelessness prevention resources for these households.

- **CARES Act Funding – HUD** – During the years ended June 30, 2021 and 2020 the U.S. Department of Housing and Urban Development awarded the Authority the following amounts by federal program from the Federal CARES and CRRSA Acts:

Community Development Block Grant	\$ 6,588,288
Emergency Solutions Program	2,334,778
Housing Opportunities for People With AIDS	45,703
Housing Choice Voucher Program	356,208
Public Housing	471,712
Mainstream Vouchers	<u>3,179</u>
 Total HUD Allocated CARES Act Funding	 <u><u>\$ 9,799,868</u></u>

- **Emergency Rental Assistance Program (ERA)** - This program provides housing rental assistance subsidies through funding provided under the Consolidated Appropriations Act and the American Rescue Plan Act. The goal of ERA is to prevent evictions, assist Delaware renter households, and help to stabilize the rental housing market by providing rental assistance. The Authority received two rounds of funding:
 - ERA 1 provided \$200,000,000 in funding that was received in advance. Assistance is available to renters for a maximum of 12 months.
 - ERA 2 provided \$40,000,000 in funding. Assistance is available to renters for a maximum of 18 months when combined with ERA 1 funding.
- **Homeowner Assistance Fund** - Delaware will receive \$50 million in federal Homeowner Assistance Funds (HAF) from the American Rescue Plan Act of 2021. The funds will be administered by the U.S. Treasury. These funds will assist qualifying homeowners who have experienced financial hardship due to the COVID-19 pandemic with direct assistance for mortgage payments and other related housing costs to prevent mortgage delinquencies, defaults, displacements, and foreclosures. This program will be used to relaunch the Delaware Emergency Mortgage Assistance Program (DEMAP).
- **Emergency Housing Voucher Program** – The American Rescue Plan Act allowed HUD to allocate additional vouchers to PHAs through an allocation formula. The vouchers are provided to help assist individuals and families who are (1) homeless, (2) at risk of homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless. The Authority was initially awarded \$395,000.

Single Family Programs Fund

- **Single Family Bond Program** - This program accounts for the proceeds of the single family mortgage revenue bonds that are used to purchase long-term mortgage loans on owner occupied single family homes or mortgage loans securitized by Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and Federal Home Loan Mortgage Corporation (FHLMC). Beginning in fiscal 2009, the Authority included provisions for some bond proceeds to be used to purchase second mortgage assistance loans for qualifying home buyers. Private financial institutions act as agents for the Authority and process, disburse and service individual mortgage loans, second mortgage assistance loans are serviced by the Authority. Separate accounts are maintained for each series of bonds in accordance with the applicable bond resolution and indenture; however, for financial statement presentation, these accounts have been combined. Any excess of

revenues over expenses in these accounts, as defined by the resolution and indenture, is not available for the general and lawful use of the Authority until all of the restrictive covenants of the applicable bond resolutions and indentures have been met.

- **Delaware State Housing Authority (DSHA) Mortgage Backed Securities Purchase Program** – This program accounts for the purchasing of mortgage backed securities. Since fiscal year 2013, the Authority has utilized the To-Be-Announced (TBA) market for single family homeownership financing. Under the DSHA TBA model: (1) Originators issue loans; (2) Lakeview Loan Servicing purchases and pools the loans; (3) Hilltop Securities purchases the MBS from Lakeview; and (4) Hilltop Securities sends DSHA the premium, which is calculated at a predetermined price. The TBA financing allows DSHA to provide competitively priced mortgage loans while generating revenue.

Fiduciary Fund Type

The DSHA Retiree Medical Trust Fund accounts for transactions, assets, liabilities, and assets held in trust for post-employment healthcare insurance premiums of DSHA non-state employees (Note V.,D.).

C. Measurement focus, basis of accounting, and financial statement presentation

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue when all eligibility requirements have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing mortgages and grants in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority enterprise funds are HUD grants and mortgage interest. Operating grants are classified as operating revenues if they finance a program that the Authority would not otherwise undertake. These grants reimburse the costs of these programs whose activity is inherently part of the operations of the Authority. The Authority also recognizes as operating revenue rental income from Public Housing sites. Operating expenses for enterprise funds include grant expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The governmental fund financial statements (General and Special Revenue Funds) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are recognized for the major revenue categories subject to the availability criteria as follows:

- Grant revenues (wherein monies must be expended on specific purposes prior to the Authority being reimbursed) are recognized as reimbursable expenditures as incurred.
- Service revenues are recognized as earned.
- Interest revenues on cash and investments are recognized as earned.

- Interest revenues on mortgage loans are recognized as earned.

However, changes in the fair value of investments are recognized as revenue without reference to the availability criteria.

Under the modified accrual basis of accounting, expenditures (operating, capital and debt service) are generally recognized when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Impact of Future Accounting Pronouncements

In 2017, the GASB issued No. 87 “Leases.” The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement were scheduled to be effective for reporting periods beginning after December 15, 2019, however in May of 2020 the effective date was delayed 18 months to periods beginning after June 15, 2021. The Authority is currently evaluating the future impact of this statement.

In August 2018, the GASB issued No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period.” The primary objective of this statement is to establish accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The Authority is currently evaluating the future impact of this statement.

In 2019, the GASB issued No. 91 “Conduit Debt Obligations”, amending several previous GASB Statements. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The Authority is currently evaluating the future impact of this statement.

In 2020, the GASB issued No. 92 “Omnibus 2020”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature,
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. Other requirements are effective for fiscal years beginning after June 15, 2021. The Authority is currently evaluating the future impact of this statement.

In 2020, the GASB issued No. 93, “Replacement of Interbank Offered Rates”. The objective of this Statement is to address accounting and financial reporting implications that result from the expected replacement of LIBOR at the end of 2021. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Authority is currently evaluating the future impact of this statement.

In 2020, the GASB issued No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an

exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The Authority is currently evaluating the future impact of this statement.

In 2020, the GASB issued No. 96, "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The Authority is currently evaluating the future impact of this statement.

In 2020, the GASB issued No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Authority is currently evaluating the future impact of this statement.

In October 2021, the GASB issued No. 98, "The Annual Comprehensive Financial Report". This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 and the Authority has adopted this Statement of the year ended June 30, 2021.

D. Assets, liabilities, and net position or equity

Cash and Cash Equivalents

The Authority considers all checking deposits, demand deposits and uninvested principal cash to be cash and cash equivalents (see Note IV., A.).

Investments

The Authority considers all interest bearing bank money market, money market savings and State of Delaware investment pool accounts to be investments. Investment securities are recorded at fair value, except that investment securities with a remaining maturity at time of

purchase of one year or less are reported at cost adjusted for the amortization of premium or the accretion of discount over the term of the investment, which approximates fair value (see Note IV., A.). These securities are stated at fair value based upon quoted market prices and changes in the fair value are reported in the statements of revenue, expenses, and changes in net position as net increase (decrease) in fair value of investments, in accordance with GASBS Statement No. 72, *Accounting and Financial Reporting for Fair Value Measurement and Application* (GASB No. 72).

Securitized Mortgage Loans

Securitized mortgage loans consist of Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and Federal Home Loan Mortgage Corporation (FHLMC) mortgage backed securities (MBS), which were pooled and securitized by a contract servicer utilizing Single Family Mortgage Program loans purchased by the Authority. These securities are stated at fair value based upon quoted market prices and changes in the fair value are reported in the statements of revenue, expenses, and changes in net position as net increase (decrease) in fair value of investments, in accordance with GASB Statement No. 72, *Accounting and Financial Reporting for Fair Value Measurement and Application* (GASB No. 72). The bond issue trustee uses a third-party pricing service to compute the MBS fair value. Principal and interest repayments as well as proceeds from the sale of mortgage backed securities are restricted for payment of corresponding bonds assigned to underlying mortgages.

Mortgage Loans Receivable

Mortgage loans are recorded at their unpaid principal balances net of allowances for doubtful accounts (see Note IV., B.). Allowances are estimated as a percentage of total outstanding balances within the following loans programs at June 30: First and second homeowner mortgages of the Authority Loan Programs within the General Fund, DSHA Second Mortgage Assistance Loan Program (DSHA SMAL), Delaware Emergency Mortgage Assistance Loans (DEMAP), Housing Rehab Loan Program (HRLP), and Single Family Programs. These percentages are reviewed and revised by the Authority on an annual basis.

Accrued Interest and Other Receivables

An allowance for doubtful accounts in the amount of (\$127,984) has been established for tenant accounts receivable in the business-type activities and the Federal Programs Enterprise Fund as of June 30, 2021. The allowance is based upon an aging of the tenant accounts receivable and is adjusted annually. All tenant account receivable balances with no payment activity within 120 days are considered doubtful accounts.

An allowance for doubtful accounts is recorded for the accrued interest on loans to certain nonprofit developers within the Housing Development Fund and HOME Investment Partnership Program. These loans have deferred payment terms with interest accruing at a rate of 3% per year. The Authority recognizes an allowance for doubtful accounts for a portion of the accrued interest on these loans. Based on the fact that the present rate is 1% for new nonprofit loans, the Authority established an allowance for doubtful accounts for two thirds of the accrued interest on these loans. The allowance as of June 30, 2021 was \$7,342,856 in the Housing Development Fund, governmental activity and major governmental fund; and \$4,896,693 in the HOME Investment Partnership Program, a business-type activity and Federal Programs Enterprise Fund. The allowance amount is calculated based on 90% which is anticipated to be granted in the future.

An allowance for doubtful accounts is recorded for loans from the Housing Development Fund that are expected to be converted to grants upon the grantees' compliance with the terms of the award and loans that are expected to be forgiven. At June 30, 2021, an allowance for doubtful accounts equals to 90% of the forgivable loans outstanding was recorded. The allowance for doubtful accounts is the amount that the Authority anticipates will be converted to grants in the future. The allowance as of June 30, 2021 was \$1,939,385

Capital Assets

Capital assets acquired for general Authority operations are capitalized at cost and reported in the entity-wide and proprietary fund financial statements net of accumulated depreciation.

All land and buildings are capitalized, regardless of cost. Buildings and land/site improvements are capitalized when the cost of the project equals \$100,000 or more. Software purchases are capitalized when the cost equals or exceeds \$50,000. Equipment and vehicles are capitalized when the cost of individual items is \$25,000 or more, with the exception of items purchased with federal funds, which are capitalized when the cost exceeds \$5,000 in accordance with OMB Uniform Guidance.

Capital assets of the Authority are depreciated using the straight line method over the following estimated useful lives:

Buildings	27 years
Buildings and Land/Site Improvements	15 years
Computer Software	10 years
Telecommunications Equipment	10 years
Computer Equipment	3 years
Vehicles	3 years
Other Equipment	5 years

Deferred Amounts on Bond Refunding

The Authority incurs deferred amounts on bond refunding which are accreted over the remaining life of the bonds at the time of each refunding as deferred revenues or deferred expenses.

Compensated Absences Payable

In accordance with GASB Statement No. 16, the Authority has accrued a liability for future absences, recognizing the obligation relating to compensation for absences attributable to services already rendered. The current portion of compensated absences for both the entity-wide and fund proprietary financial statements includes all annual leave amounts that exceed a 398 hour maximum allowable carryover per employee, as these amounts will have to be used within the next year or be forfeited. The Authority believes that those balances will be used and not forfeited. Additionally, current compensated absences include annual leave balances payable to employees at fiscal yearend based on the Authority's knowledge of pending retirements or resignations. The balance of annual leave accrual is considered noncurrent. The Authority considers all sick leave accruals noncurrent.

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources

(expense) or inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability and net OPEB liability, which include the Authority's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability and net OPEB liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the Authority's contributions and proportionate share of contributions, which are deferred and amortized. They also include the net difference between projected and actual earnings on plan investments, which is deferred and amortized. Deferred inflows of resources also include a deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized.

Net Pension Obligation

In accordance with GASB Statement No. 68 the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Delaware Public Employees' Retirement System - State Employees' Pension Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Other Post-Employment Benefits (OPEB) Liability

In accordance with GASB Statement No. 75 the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEBs, and OPEB expense, information about the fiduciary net position of the State of Delaware - State Employees' OPEB Plan and the DSHA Medical Retiree Trust and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Escrow Deposits

In the General Fund, escrow deposits represent amounts withheld from housing assistance contributions received from HUD for the payment of property insurance, property taxes and property replacement requirements for the multi-family authority loans.

In the Federal Programs Fund, escrow deposits are held for the HOME and MTW programs. The HOME escrow deposits represent funds received from project owners for the payment of property insurance, property taxes, and property replacement requirements. MTW escrow deposits represent amounts set aside from rental income for the Moving To Work Rental Housing Program.

In the Housing Development Fund, escrow deposits represent funds received from project owners for the payment of property insurance, property taxes, and property replacement requirements for the Housing Development Fund. Interest earnings from the investment of such escrows are distributed to the escrow accounts.

Restricted Resources

The Authority spends restricted resources first and uses unrestricted resources for purposes

for which restricted resources are not available.

Net Position/Fund Equity

In the entity-wide statement of net position, the Authority reports net position in three categories - invested in capital assets, restricted, and unrestricted. The amount of unrestricted net position is dedicated to the Authority's operations, pursuant to Title 31, Chapter 40 of the Delaware Code and the Authority's bond resolutions.

In accordance with GASB Statement No. 54, the Authority defines fund balance categories to make the nature and constraints placed on its fund balances transparent. The following classifications describe the relative strength of the spending constraints:

General Fund

- **Nonspendable:** Balances include items that cannot be spent. This includes activity not in a spendable form (prepaid amounts, long-term portion of loans and interfund receivables) and activity that is legally or contractually required to remain intact.
- **Committed:** Balances designated by General Order of the Authority, as approved by the Director, a position appointed by the Governor and authorized by Delaware Code, found at Title 31, Chapters 40 and 43, imposed by the Delaware Legislature, the State's highest level of decision-making authority, as follows:

Program Activities – amount based upon the greater of the Authority's current administrative budget or the projected general fund balance amount needed to support operations over a ten year period as identified in the most recent Resource Allocation Plan.

Program Investments – amount in excess of program activity needs, as described above, to be conservatively invested in existing or proposed Authority programs to further the Authority's mission.

The Director can create, modify, or rescind an appropriation within the statutes of the Code. On July 6, 2021, the Authority adopted a General Fund fund balance with the execution of General Order No. 679. The Order requires the Authority to establish a fund balance in October of each fiscal year, the Assistant Director, Financial Management will propose in writing to the Director the contingency reserve fund level for that fiscal year, based upon the greater of: DSHA's current administrative budget or the projected general fund amount over a ten year period needed to support operations identified in the most recent Resource Allocation Plan, along with the TBA Account balance. These funds will be invested based on the proposal of the General Fund Program Investment Working Group (Program Administrators of Finance, Asset Management, Development, Management, Administration, and the Director's Office.)

Housing Development Fund

- **Restricted:** Balances in excess of committed fund balance, to be used for the specific purpose of Housing Development Fund activities per enabling legislation.
- **Committed:** Balances can be used only for specific purposes (i.e. loans and grants) but not yet disbursed at the statement date, pursuant to constraints imposed by the passage of resolutions by the Delaware Council on Housing, an eleven member board appointed by the Governor and authorized by Delaware Code, Title 31, Chapter 40, imposed by the Delaware Legislature, the State's highest level of decision-making authority. The Council can create, modify, or rescind an appropriation within the

statutes of the Code.

Other Governmental Funds

- **Restricted:** Balances used for specific program activities per enabling legislation.
- **Assigned:** Balances include amounts that are constrained by the Authority's intent, as approved by the Director, a position appointed by the Governor and authorized by Delaware Code, Title 31, Chapters 40 and 43, to be used for a specific purpose, but are neither restricted nor committed.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Authority has provided otherwise in its commitment or assignment actions. Commitments may be modified or rescinded only through General Order or by Housing Council.

A summary of governmental fund balances at June 30, 2021, is as follows:

	General Fund	Housing Development Fund	Downtown Development Districts Grant Fund	State Rental Assistance Program	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
General Fund	\$ 51,940,683	\$ -	\$ -	\$ -	\$ -	\$ 51,940,683
Total nonspendable	51,940,683	-	-	-	-	51,940,683
Restricted:						
Housing Development	-	250,173,245	-	-	-	250,173,245
Downtown Development District	-	-	31,699,086	-	-	31,699,086
Rental Assistance	-	-	-	3,172,270	-	3,172,270
Foreclosure Prevention and Housing Counseling	-	-	-	-	19,310,967	19,310,967
Housing Rehabilitation	-	-	-	-	584,278	584,278
Mortgage Assistance	-	-	-	-	31,697,828	31,697,828
Energy Conservation in Affordable Multifamily Housing Loan Fund	-	-	-	-	1,000,000	1,000,000
Neighborhood Revitalization	-	-	-	-	12,845,423	12,845,423
Other Purposes	-	-	-	-	341,021	341,021
Total restricted	-	250,173,245	31,699,086	3,172,270	65,779,517	350,824,118
Committed:						
General Fund	43,018,958	-	-	-	-	43,018,958
Housing Development	-	27,678,344	-	-	-	27,678,344
Total committed	43,018,958	27,678,344	-	-	-	70,697,302
Assigned:						
Housing Rehabilitation	-	-	-	-	-	-
Other Purposes	-	-	-	-	19,643	19,643
Total assigned	-	-	-	-	19,643	19,643
Total Fund Balance	\$ 94,959,641	\$ 277,851,589	\$ 31,699,086	\$ 3,172,270	\$ 65,799,160	\$ 473,481,746

Comparative Data

Comparative total data for the prior year is presented in the basic financial statements to provide an understanding of changes in the Authority's financial position and operations. That comparative data is not at the level of detail required for a presentation in conformity with generally accepted accounting principles and has been reclassified, as needed, from the presentation in the Authority's June 30, 2020, financial statements to be comparative with the current-year presentation.

Statement of Cash Flows

For purposes of reporting cash flows of Proprietary Funds, cash balances consist of checking deposits and demand deposits. GASB Statement No. 9 requires reporting both purchases and sales of investments under Investing Activities. As permitted under Statement No. 9, however, certain investment transactions have been reported as a net change in the statement of cash flows because the turnover rate of such investments is high and their maturities are short.

Budgetary Comparisons

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Authority is not legally required to adopt a budget for the general fund. Therefore, budget comparison information is not included in the Authority's financial statements. However, the Authority does implement an executive budget each fiscal year. The executive budget is reviewed and approved by the Director, monitored for compliance on a monthly basis, and any use of the general fund beyond the approved executive budget must be approved by the Director.

II. RECONCILIATION OF ENTITY-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the entity-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the entity-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and therefore, are not reported in the funds. The details of this \$2,693,416 difference are as follows:

Capital assets	\$5,288,308
Less: Accumulated depreciation	<u>(2,594,892)</u>
Net capital asset adjustment	<u>\$2,693,416</u>

The other element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The details of this \$(1,786,866) difference are as follows:

Compensated absences	\$(786,866)
Sustainable Energy Utility Loan	<u>(1,000,000)</u>
Net long-term liabilities adjustment	<u>\$(1,786,866)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the entity-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the entity-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$909,298 difference are as follows:

Capital outlay	\$991,987
Less: Depreciation expense	<u>(82,689)</u>
Net capital asset adjustment	<u>\$909,298</u>

III. COMPLIANCE AND ACCOUNTABILITY

The Authority implements an executive budget each fiscal year. The executive budget is reviewed and approved by the Director, monitored for compliance on a monthly basis, and any use of the general fund beyond the approved executive budget must be approved by the Director.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Investment Policies

The Authority has an investment policy that encompasses all moneys related to the issuance of bonds, as well as, all funds otherwise held by the Authority. The Authority seeks first and foremost to ensure safety of principal, and secondly, to attain the highest possible return available given the risk constraints. The Authority is allowed to invest in certain qualified investments as defined by amended Section 4013, Chapter 40, Title 31, of the Delaware Code and the Authority's formal investment policy. Subject to certain limitations, such as the credit ratings on bonds and the capitalization level of depositories, "qualified investments" include:

- Obligations of or explicitly guaranteed by the US or Delaware state governments.
- Obligations of US government-sponsored enterprises and US government agencies and instrumentalities.
- Obligations of depositories and other financial institutions.
- Bankers' acceptances.
- Commercial paper.
- Money market mutual funds.
- Corporate debt obligations.
- The State of Delaware investment pool with the State Treasurer's Office.
- Other investment arrangements made pursuant to an investment agreement authorized by a resolution of the Authority.

Certain federal funds administered by the Authority are subject to additional limitations within the qualified investments listed above. The policy can be amended by the Authority provided the changes meet the Delaware Code requirements. There have been no significant investment policy changes during the fiscal year.

For the State of Delaware Investment Pool, fair value of the pool shares is the same as the

carrying value of the pool shares. The State of Delaware Cash Management Policy Board provides oversight for this pool.

The Authority's securitized mortgage loans are primarily mortgage loans originated under various bond resolutions that have been pooled and securitized by a servicer under contract to the Authority. Upon securitization, these Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and Federal Home Loan Mortgage Corporation (FHLMC) securities are then purchased by the bond issue trustee utilizing the proceeds of the respective bonds. The bonds in turn are secured, respectively, by the securities purchased with the bond proceeds. The fixed-rate securitized mortgage loans are sensitive to changes in interest rates, which may result in prepayments of underlying mortgages.

Investments

Investments are presented at fair value. Fair values are determined by quoted market prices based on national exchange prices for all investments, except for the State of Delaware Investment Pool. The State pool is valued based on the pool's share price.

The Medical Retiree Trust (Fiduciary Fund) investments include a mortgage loan receivable held by the DSHA Retiree Medical Trust to generate income. The mortgage loan provided \$1,225,000 in permanent financing to a Delaware affordable rental housing site in the form of a 5 percent amortizing loan over 30 years, with a 20 year call provision. The loan was disbursed in October of 2015. The Authority, in the event of loan default, is the guarantor of this loan.

The following is a listing of investments and their maturities:

Investment type	Investment Maturities (in Years)					
	Fair Value	Less				
	6/30/2021	than 1	1 to 5	5 to 10	10 to 20	20 to 30
Governmental activities:						
U.S.Treasury Notes	\$ 10,419,360	\$ 2,226,603	\$ 8,192,757	\$ -	\$ -	\$ -
U.S.Treasury Bills	374,547	374,547	-	-	-	-
U.S.Treasury Bonds	24,898	-	-	24,898	-	-
U.S.Treasury Strips	452,238	-	452,238	-	-	-
U.S. Agencies	39,606,144	6,208,780	33,012,309	385,055	-	-
Corporate Notes	26,095,455	7,058,712	19,036,743	-	-	-
Commercial Paper	7,726,520	7,726,520	-	-	-	-
Money Market Bank Accounts	95,464,968	95,464,968	-	-	-	-
Money Market Savings Accounts	7,488,066	7,488,066	-	-	-	-
State of Delaware Investment Pool	245,471	245,471	-	-	-	-
Uninvested Principal Cash	3,095	3,095	-	-	-	-
Securitized Mortgage Loans	6,070,359	-	-	-	-	6,070,359
Total Governmental Activities Investments	193,971,121	126,796,762	60,694,047	409,953	-	6,070,359
Business-type activities:						
U.S.Treasury Notes	1,197,955	283,752	914,203	-	-	-
U.S.Treasury Bills	-	-	-	-	-	-
U.S. Agencies	38,520,779	291,958	2,753,337	89,451	11,919,084	23,466,949
Corporate Notes	1,920,566	500,335	1,420,231	-	-	-
Commercial Paper	701,693	701,693	-	-	-	-
Money Market Savings Accounts	86,984	86,984	-	-	-	-
Money Market Bank Accounts	205,417,441	205,417,441	-	-	-	-
State of Delaware Investment Pool	3	3	-	-	-	-
Uninvested Principal Cash	22,972,765	22,972,765	-	-	-	-
Securitized Mortgage Loans	35,386,033	-	-	-	-	35,386,033
Total Business-type Activities Investments	306,204,219	230,254,931	5,087,771	89,451	11,919,084	58,852,982
Total Entity-wide Investments	\$ 500,175,340	\$ 357,051,693	\$ 65,781,818	\$ 499,404	\$ 11,919,084	\$ 64,923,341
Fiduciary Fund Investments:						
U.S.Treasury Bills	\$ 174,790	\$ 174,790	\$ -	\$ -	\$ -	\$ -
U.S.Treasury Notes	1,050,865	355,306	695,559	-	-	-
U.S. Agencies	4,174,740	1,185,501	2,989,240	-	-	-
Corporate Notes	2,641,227	1,128,726	1,512,501	-	-	-
Commercial Paper	568,857	568,857	-	-	-	-
Money Market Bank Accounts	40,974	40,974	-	-	-	-
Mortgage Loan Receivable	1,109,568	-	-	-	-	1,109,568
Total Fiduciary Fund Investments	\$ 9,761,021	\$ 3,454,154	\$ 5,197,300	\$ -	\$ -	\$ 1,109,568

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy places limits on maturities for the various funds as follows:

- **Single Family Program Funds:** Investment contracts for bond program funds should have a maturity that matches the final bond maturity to minimize reinvestment risk. Individual investments of bond program funds should match anticipated cash requirements or provide sufficient liquidity to allow funds to be accessed to meet bond resolution requirements without incurring material principal losses.
- **Federal Program Funds:** HUD funds held by the Authority should have a maximum maturity of one year. HUD-related funds held by the Authority (escrows, replacement reserves, residual receipts) shall have a maximum maturity of three years.
- **General Fund:** The Operating Reserve Account, which is managed externally, should have a maximum maturity at the time of purchase of ten years. However, specific investments may be transferred into the account from time to time that may have a longer maturity. The Authority may further reduce the maximum maturity of the operating reserve investments from time to time.
- **Other Authority funds** should be invested with a maturity that matches, or is prior to, the anticipated time at which the funds will be needed.
- **Authority investments** (other than deposit accounts, money market fund shares, or deposits with the State Treasurer's Office) should have a fixed maturity date by which principal and accrued interest will be fully repaid. The Authority is not permitted to enter into investments that have an expected maturity date that can be extended

depending upon market conditions.

Credit Risk

The Authority's general investment policy is to make investments with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as, the probable income to be derived. The Authority's investment policy limits its investment choices as mentioned above under Investments. For the Authority's Single Family Programs, the investment rating must be equal to or exceed the bond rating. The Authority's Operating Reserve Account has a specific credit quality requirement as follows: Corporate debt obligations and shares of money market mutual funds shall have a long-term rating of AA and/or Aa, respectively by Standard & Poor's (S&P) and Moody's at the time of purchase. The State of Delaware Investment Pool and money market accounts are not rated by any of the nationally recognized statistical rating organizations. The Fiduciary Fund investments include a mortgage loan receivable of \$1,109,568 which the Authority, in the event of loan default, has guaranteed. Additionally, the Fiduciary Fund Corporate Notes include a NOVARTIS Capital Corp investment in the amount of \$559,686 and a Federal Farm Credit Bank investment in the amount of \$1,280,264 which each exceed 5% of the total investments. As of June 30, 2021, the Authority's investments were rated as follows:

Investment Type	Ratings (S & P)								U.S. government guaranteed	
	A1	A1+	A	A+	AA-	AA	AA+	AAA		
Governmental activities:										
U.S. Treasury Bills	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	374,547
U.S. Treasury Notes	-	-	-	-	-	-	-	-	-	10,419,360
U.S. Treasury Bonds	-	-	-	-	-	-	-	-	-	24,898
U.S. Treasury Strips	-	-	-	-	-	-	-	-	-	452,238
U.S. Agencies	-	-	-	-	-	-	34,334,582	-	-	5,271,562
Corporate Notes	-	-	523,960	3,526,057	14,401,146	1,076,484	5,770,674	797,134	-	-
Commercial Paper	3,533,700	4,192,820	-	-	-	-	-	-	-	-
Securitized Mortgage Loans	-	-	-	-	-	-	-	-	-	6,070,359
Business-type activities:										
U.S. Treasury Bills	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Notes	-	-	-	-	-	-	-	-	-	1,197,955
U.S. Agencies	-	-	-	-	-	-	2,756,047	-	-	35,764,732
Corporate Notes	-	-	-	225,567	1,145,044	104,580	445,375	-	-	-
Commercial Paper	388,476	313,217	-	-	-	-	-	-	-	-
Securitized Mortgage Loans	-	-	-	-	-	-	-	-	-	35,386,033
Fiduciary Fund:										
U.S. Treasury Bills	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	174,790
U.S. Treasury Notes	-	-	-	-	-	-	-	-	-	1,050,865
U.S. Agencies	-	-	-	-	-	-	4,174,741	-	-	-
Commercial Paper	568,857	-	-	-	-	-	-	-	-	-
Corporate Notes	-	-	-	112,619	2,037,555	155,540	335,513	-	-	-

Custodial Credit Risk

For deposits (i.e., cash and cash equivalents) custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. All of the Authority's deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The bank and savings money markets balance at June 30, 2021 of \$423,568,003 was collateralized at 102% or greater by securities pledged and identified as held in the Authority's name. Bank and saving money markets of \$10,304,038, were secured by a \$11,000,000 Irrevocable Standby Letter of Credit issued by the Federal Home Loan Bank of Pittsburgh. Although the State Investment Pool is not collateralized, the State's Cash Management Policy Board requires that investments meet certain ratings, investment types and maturity criteria. No deposits were uninsured or uncollateralized at June 30, 2021.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Authority's \$500,175,340 investment balance, no deposits were held by various Guaranteed Investment Contract (GIC)

providers under investment agreements. These accounts are uninsured and uncollateralized. The funds are specifically identified for the Authority, but the custodial credit risk cannot be categorized for these funds. Credit risk for such investments depends on the financial stability of the GIC provider whose rating must equal or exceed that of the bond rating. The Authority's investment policy does not limit the amount of securities that can be held by the counterparties.

Fair Value Hierarchy

The Fair Value Hierarchy is used to communicate the nature of the inputs used to measure fair value at each measurement date. The three levels of the Fair Value Hierarchy are as follows:

- Level 1 – A quoted price for identical assets or liabilities in an active market provides the most reliable evidence of a Level 1 input of fair value and should be used to measure fair value without adjustment whenever available.
- Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; or other market-corroborated inputs. Level 2 fair values should be adjusted for factors specific to the asset or liability.
- Level 3 – Using assumptions used by market participants, the government should develop inputs using the best information available under the circumstances.

The following is a listing of the Authority's investments within the Fair Value Hierarchy:

Investment type	Fair Value Measurements Using			
	Fair Value 6/30/2021	Quoted Prices in	Significant	Significant
		Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Governmental activities:				
U.S. Treasury Notes	\$ 10,419,360	\$ 10,419,360	\$ -	\$ -
U.S. Treasury Bills	374,547	374,547	-	-
U.S. Treasury Bonds	24,898	24,898	-	-
U.S. Treasury Strips	452,238	452,238	-	-
U.S. Agencies	39,606,144	39,606,144	-	-
Corporate Notes	26,095,455	26,095,455	-	-
Commercial Paper	7,726,520	7,726,520	-	-
Money Market Bank Accounts	95,464,968	95,464,968	-	-
Money Market Savings Accounts	7,488,066	7,488,066	-	-
State of Delaware Investment Pool	245,471	245,471	-	-
Uninvested Principal Cash	3,095	3,095	-	-
Securitized Mortgage Loans	6,070,359	6,070,359	-	-
Total Governmental Activities Investments	193,971,121	193,971,121	-	-
Business-type activities:				
U.S. Treasury Notes	1,197,955	1,197,955	-	-
U.S. Agencies	38,520,779	38,520,779	-	-
Corporate Notes	1,920,566	1,920,566	-	-
Commercial Paper	701,693	701,693	-	-
Money Market Savings Accounts	86,984	86,984	-	-
Money Market Bank Accounts	205,417,441	205,417,441	-	-
State of Delaware Investment Pool	3	3	-	-
Uninvested Principal Cash	22,972,765	22,972,765	-	-
Securitized Mortgage Loans	35,386,033	35,386,033	-	-
Total Business-type Activities Investments	306,204,219	306,204,219	-	-
Total Entity-wide Investments	\$ 500,175,340	\$ 500,175,340	\$ -	\$ -
Fiduciary Fund Investments:				
U.S. Treasury Bills	\$ 174,790	\$ 174,790	\$ -	\$ -
U.S. Treasury Notes	1,050,865	1,050,865	-	-
U.S. Agencies	4,174,741	4,174,741	-	-
Corporate Notes	2,641,227	2,641,227	-	-
Commercial Paper	568,857	568,857	-	-
Money Market Bank Accounts	40,974	40,974	-	-
Mortgage Loan Receivable	1,109,568	-	-	1,109,568
Total Fiduciary Fund Investments	\$ 9,761,022	\$ 8,651,454	\$ -	\$ 1,109,568

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The mortgage loan receivable classified in Level 3 of the fair value hierarchy is valued at the amount of principal due at June 30, 2021.

B. Receivables

Total receivables as of June 30, 2021 are as follows:

Receivables	Governmental Activities	Business-type Activities	Total
Mortgage loans	244,616,785	\$76,613,496	\$321,230,281
Accrued interest	55,516,414	19,275,651	74,792,065
Other receivables	2,087,578	63,864	2,151,442
Grants receivable	-	509,066	509,066
Total receivables	<u>302,220,777</u>	<u>96,462,077</u>	<u>398,682,854</u>
Allowance for doubtful accounts	<u>(21,641,495)</u>	<u>(5,871,616)</u>	<u>(27,513,111)</u>
Total receivables, net	<u>280,579,282</u>	<u>\$90,590,461</u>	<u>\$371,169,743</u>
Amounts not scheduled for collection during the subsequent year	<u>\$276,141,547</u>	<u>\$88,121,228</u>	<u>\$335,725,484</u>

Mortgage loans receivable

A summary of mortgage loans receivable as of June 30, 2021 is shown below:

Governmental Activities:

General Fund	\$ 42,222,862
Housing Development Fund	169,733,997
Non-major governmental funds	<u>32,659,926</u>
Mortgage loans receivable, governmental activities	244,616,785
Less: Allowance for doubtful accounts	<u>(12,711,066)</u>
Net mortgage loan receivables, governmental activities	<u>231,905,719</u>

Business-type Activities:

Federal Programs Fund	67,004,516
Single Family Programs Fund	<u>9,608,980</u>
Mortgage loans receivable, business-type activities	76,613,496
Less: Allowance for doubtful accounts	<u>(946,938)</u>
Net mortgage loan receivables, business-type activities	<u>75,666,558</u>

Total mortgage loans receivable, net \$ 307,572,277

Mortgage loans receivable in the General Fund and nonmajor funds consist of single family, multi-family, and second mortgage assistance loans released from bond indenture requirements as a result of refunding the bonds with which the loans were originally associated. Once released from the bond indentures, these loans are considered assets of the Authority. Interest rates on the loans range from 5.375% to 9.75% with maturities ranging from 1 to 17 years. Additionally, during fiscal year 2016, the Authority's DSHA Loan Program, within its General Fund, funded a 10 year permanent mortgage loan in the amount of \$500,000 at a rate of 3% interest. The Authority's General Fund has made various deferred loans to related organizations as detailed in Note V.

Mortgage loans outstanding in the Housing Development Fund are collateralized by first, second or third mortgages on the properties and, in limited instances, are guaranteed by corporate sponsors.

Mortgage loans receivable in the Single Family Programs Fund are secured by first liens on real property. Loans purchased in the Single Family Programs Fund that have a loan to

value ratio in excess of 72% (80% for loans purchased after 1986) are insured or guaranteed by either the Federal Housing Administration ("FHA"), the Farmers Home Administration ("FmHA"), the Department of Veterans' Affairs ("VA"), or by a private primary mortgage insurance policy. All loans purchased under this Program, exclusive of FHA and VA loans, are also insured by a mortgage pool insurance policy. Interest rates on the loans range from 4.50% to 9.35% with maturities of such loans ranging from 15 to 40 years. Mortgage loans receivable in the Single Family Programs also include second mortgage assistance loans with interest rates ranging from 0% to 8%. The second mortgage is a lien against the property with monthly payments deferred until (1) the first mortgage is paid off; (2) the property is sold or transferred; or (3) the property is no longer the borrower's primary residence. However, the borrower can voluntarily repay at any time with no prepayment penalty.

Accrued interest and other receivables

Accrued interest and other receivables as of June 30, 2021 are as follows:

	Governmental Activities			Business-type Activities			Total
	General Fund	Housing Development Fund	State Rental Assistance Program	Nonmajor Governmental Funds	Federal Programs	Single Family Programs	
Loan interest	\$ 6,519,131	\$ 32,245,437	\$ -	\$ 8,191,008	\$ 13,203,056	\$ 1,127,769	\$ 61,286,401
Investment interest	49,938	193,284	-	-	-	-	243,222
HDF projects	774,750	-	-	-	-	-	774,750
Other projects	102,173	-	-	-	-	-	102,173
Servicers	24,087	-	-	23,693	-	-	47,780
Tenants, net	-	-	-	-	34,726	-	34,726
Other	406,347	-	138,900	4,815	49,286	-	599,348
Total	\$ 7,876,426	\$ 32,438,721	\$ 138,900	\$ 8,219,516	\$ 13,287,068	\$ 1,127,769	\$ 63,088,400

C. Accounts payable

Accounts payables as of June 30, 2021 are as follows:

	Governmental Activities		Business-type Activities		Total
	General Fund	Housing Development Fund	Federal Programs	Single Family Programs	
Vendors	\$ 116,307	\$ 12,835	\$ 108,702	\$ 5,000	\$ 242,844
Salaries	173,137	-	107,032	-	280,169
Security deposits	-	-	118,629	-	118,629
Housing Assistance	-	-	5,650,101	-	5,650,101
Other	87,960	-	119,467	1,071	208,498
Total	\$ 377,404	\$ 12,835	\$ 6,103,931	\$ 6,071	\$ 6,500,241

D. Capital assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance		Ending Balance	
	June 30, 2020	Increases	Decreases	June 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 509,500	\$ 63,269	\$ -	\$ 572,769
Construction in Progress	725,740	-	725,740	-
Total capital assets, not being depreciated	1,235,240	63,269	725,740	572,769
Capital assets, being depreciated:				
Buildings	1,934,902	991,987	-	2,926,889
Land/Site Improvements	211,929	539,402	-	751,331
Computer Equipment	549,167	36,747	-	585,914
Equipment	265,067	186,338	-	451,405
Telecommunications Equipment	36,747	-	36,747	-
Total capital assets being depreciated	2,997,812	1,754,474	36,747	4,715,539
Less accumulated depreciation for:				
Buildings	1,475,349	56,633	-	1,531,982
Land/Site Improvements	211,929	-	-	211,929
Computer Equipment	523,110	62,803	-	585,913
Equipment	265,068	-	-	265,068
Telecommunications Equipment	36,747	-	36,747	-
Total accumulated depreciation	2,512,203	119,436	36,747	2,594,892
Total capital assets, being depreciated, net	485,609	1,635,038	-	2,120,647
Governmental activities capital assets, net	\$ 1,720,849	\$ 1,698,307	\$ 725,740	\$ 2,693,416
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,000,828	\$ -	\$ 63,269	\$ 937,559
Construction in Progress	36,366	78,631	114,997	-
Total capital assets, not being depreciated	1,037,194	78,631	178,266	937,559
Capital assets, being depreciated:				
Buildings	17,791,792	-	2,784,036	15,007,756
Buildings held for resale	261,292	-	-	261,292
Land/Site Improvements	20,214,030	-	2,690,048	17,523,982
Vehicles	155,208	-	-	155,208
Equipment	1,843,682	-	379,173	1,464,509
Total capital assets being depreciated	40,266,004	-	5,853,257	34,412,747
Less accumulated depreciation for:				
Buildings	16,489,555	265,767	2,591,158	14,164,164
Land/Site Improvements	16,678,972	538,440	2,012,637	15,204,775
Vehicles	131,428	7,732	-	139,160
Equipment	795,964	174,176	230,770	739,370
Total accumulated depreciation	34,095,919	986,115	4,834,565	30,247,469
Total capital assets, being depreciated, net	6,170,085	(986,115)	1,018,692	4,165,278
Business-type activities capital assets, net	\$ 7,207,279	\$ (907,484)	\$ 1,196,958	\$ 5,102,837

Depreciation expense of \$82,689 was charged to the administrative function in the governmental activities. Depreciation expense of \$986,115 was charged to the affordable rental housing function in the business-type activities.

Certain vehicles and equipment are considered fully depreciated even though they outlasted their respective estimated useful lives. The Authority re-evaluated the assets placed in service and determined the cumulative effect of the recalculation of depreciation was immaterial to the financial statements taken as a whole.

Construction commitments

The Authority has active capital projects as of June 30, 2021. The projects include renovations at the Authority's administrative buildings and various public housing developments. At year end, the Authority had commitments with contractors of \$80,099 relating to the governmental activities.

E. Interfund transactions

The composition of interfund balances as of June 30, 2021, is as follows:

Due to:	Governmental Activities					Business-type Activities			Total
	General Fund	Housing Development Fund	Downtown Development District	State Rental Assistance Program	Nonmajor Governmental Funds	Federal Programs	Single Family Programs		
Current:									
General Fund	\$ -	\$ -	\$ -	\$ 424,059	\$ 7,356	\$ 130,208	\$ 372,750	\$ 934,373	
Housing Development Fund	193,300					340,966		534,266	
Downtown Development District	4,362							4,362	
Nonmajor Govt Funds	14,384							14,384	
Federal Programs	189,176							189,176	
Single Family Programs									
Total	\$ 401,222	\$ -	\$ -	\$ 424,059	\$ 7,356	\$ 471,174	\$ 372,750	\$ 1,676,561	
Non-current:									
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,004,910	\$ 50	\$ 4,004,960	
Federal Programs									
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,004,910	\$ 50	\$ 4,004,960	

The current interfund balances result from timing differences between the date a disbursement is made by the General Fund and the date the General Fund receives reimbursement from other funds.

The non-current balances mainly represent loans made from the general fund to other programs for the purpose program operations. The General Fund has loaned \$30,000 to the Family Unification Program, \$80,000 to the Section 811 Project Rental Assistance Demonstration (PRAD) Program, \$500,000 to the Housing Choice Voucher Program, and \$3,200,000 to the Section 8 Contract Administration Program, both business-type activities and Federal Program Enterprise Funds, to allow the programs to disburse housing assistance payments prior to the receipt of the federal funds.

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Transfers in:	Governmental Activities			Business-type Activities			Total transfer in
	General Fund	Housing Development Fund	Nonmajor Governmental Funds	Federal Programs	Single Family Programs		
General Fund	\$ -	\$ 200,000	\$ 11,470	\$ 5,177,177	\$ 12,859,591	\$ 18,248,238	
Housing Development Fund				704,120		704,120	
Nonmajor Governmental Funds	1,899	1,000,000				1,001,899	
Federal Programs			700,343			700,343	
Single Family Programs	2,425,052		484,189			2,909,241	
Total transfer out	\$ 2,426,951	\$ 1,200,000	\$ 1,196,002	\$ 5,881,297	\$ 12,859,591	\$ 23,563,841	

The governmental activities transfers consist of: (1) the General Fund, a major governmental fund, transferred \$2,425,052 to the Single Family, a major business-type fund, in support of the program's objective to make down payment assistance available to qualified homebuyers; (2) the General Fund, a major governmental fund, transferred \$1,899 to the DHIF, a governmental activity and non-major governmental fund, to reimburse the fund for investment losses; (3) the Housing Development Fund, a major governmental fund, transferred \$200,000 to the General Fund, a major governmental fund, in support of the Stand By Me program to increase financial stability for the people of Delaware; (4) the Housing Development Fund, a major governmental fund, transferred \$1,000,000 to the Home 4 Good Program, a governmental activity and non-major governmental fund, in support of the program's objective

to provide affordable housing (5) DSHA Home 4 Good, a governmental activity and non-major governmental fund, transferred \$700,000 to DEHAP, a federal program, business-type, in support of the program's objective to assist renters facing financial hardship as a result of the pandemic; and (6) DSHA SMAL, a governmental activity and non-major governmental fund, transferred \$484,189 to the Single Family, a major business-type fund, in support of the program's objective to make down payment assistance available to qualified homebuyers.

Within business-type activities, Single Family Programs reported cash transfers consisting mainly of the transfer of administrative fees of \$1,952,447 from the Single Family Mortgage Revenue Bond Programs, a Single Family Programs Enterprise Fund, to the General Fund, a governmental activity and major governmental fund, in support of operations. Single Family Programs also reported non-cash transfers of: (1) \$5,177,177 from the Moving to Work federal program, business-type fund, to the General fund, a major governmental fund due to a property transaction; (2) \$12,859,591 from Single Family Loans, a Single Family Programs Enterprise Fund, to Preferred Plus, a governmental activity with the General Fund; and (3) \$700,000 from DEHAP, a federal program, business-type to the Housing Development Fund, a major governmental fund, to return funds HDF had transferred to DEHAP.

F. Short-term and long-term debt

Short-term and long-term debt activity for the year ended June 30, 2021, was as follows:

	Beginning Balance			Ending Balance	Due Within
	June 30, 2020	Increases	Decreases		
Governmental activities:					
Compensated absences, relating to the General Fund	\$ 726,467	\$ 270,752	\$ 210,353	\$ 786,866	\$ 87,834
Sustainable Energy Utility Loan Fund (non-major fund)	-	1,000,000	-	1,000,000	-
Governmental activity long-term liabilities	\$ 726,467	\$ 1,270,752	\$ 210,353	\$ 1,786,866	\$ 87,834
Business-type activities:					
Compensated absences, relating to the Federal Programs Fund	\$ 343,322	\$ 197,432	\$ 120,993	\$ 419,761	\$ 11,608
Revenue bonds payable, Single Family Programs Fund	125,213,560	-	72,927,105	52,286,455	1,416,252
Bond Premium & Discount	1,665,708	-	1,170,769	494,939	-
Total Revenue Bonds Payable	126,879,268	-	74,097,874	52,781,394	1,416,252
Business-type activity					

Descriptions of the Authority's short-term and long-term debt:

Compensated Absences

Compensated absences represent the amounts the Authority is obligated to pay for annual leave and sick leave. The General Fund is used to liquidate the liability within the governmental funds.

Revenue Bonds Payable

The revenue bonds outstanding have been issued to provide financing for mortgage loans. The bonds are secured by the mortgage loans made or purchased under the applicable resolutions, the revenues, prepayments and foreclosures proceeds received related to the mortgage loans, and certain funds and accounts established pursuant to the applicable bond resolutions. All bonds are callable subject to certain restrictions. Interest rates on bonds outstanding range from 0.53% to 4.90% with maturities of such bonds up through June 30,

2051.

Federal Home Loan Bank (FHLB) Line of Credit

DSHA has a collateralized line of credit with the FHLB of Pittsburgh. For fiscal year 2021, there were no draws or repayments.

Note Payable

On March 19, 2019, the Authority entered a Memorandum of Understanding (MOU) with the Sustainable Energy Utility (SEU) to create a loan fund for the financing of energy efficient construction of low-income housing. During the year ended June 30, 2021, the Authority received a funding advance for this program in the form of a \$1,000,000 note payable from SEU. In accordance with the terms of the MOU, the Authority underwrites the loans to qualifying projects with SEU's approval to disburse 36 month project loans at 2% interest. DSHA's note payable to SEU is repaid as repayments including interest are received from the projects that received loans.

Conduit Debt

Through its Multi-Family Mortgage Revenue Bond Program (MFMRB), the Authority has issued debt to assist private-sector entities in the acquisition, new construction, or substantial rehabilitation of apartment complexes which are available for rent to low-income individuals and families. The bonds are secured by the properties financed and are payable solely from rents and payments received on the underlying mortgage loans. Neither the Authority nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements. Application and other fees generated from the administration of this program are recorded in the General Fund. As of June 30, 2021, seven issues with debt of \$36,503,393 are outstanding.

Interest Expense on Long-Term Debt

Interest expense of \$2,336,739 on long-term debt has been included in the direct expenses of individual functions on the entity-wide statement of activities. Authorization for general long-term debt is essential for the creation and continuing existence of the Single Family mortgage programs; thus an objective connection can be made to these programs. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related. The interest expense of \$2,336,739 was charged to the home ownership function in the business-type activities.

Annual principal and interest debt service requirements for business-type activity long-term debt are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 22,701,252	\$ 1,792,604	\$ 24,493,856
2023	-	1,399,972	1,399,972
2024	-	1,356,784	1,356,784
2025	-	1,311,752	1,311,752
2026	-	1,264,195	1,264,195
2027-2031	-	5,592,076	5,592,076
2032-2036	-	4,799,257	4,799,257
2037-2041	-	4,144,437	4,144,437
2042-2046	18,261,937	2,554,079	20,816,016
2047-2051	11,818,205	705,091	12,523,296
Totals	\$ 52,781,394	\$ 24,920,247	\$ 77,701,641

*Principal maturities for the year ending June 30, 2022 includes a \$18,735,000 optional redemption of the Single Family Mortgage Revenue Bonds Series 2009-3 and Series 2011-2, as well as 2011A/B in the amount of \$3,470,000. The entity-wide and proprietary statements of net position report current portion of bond principal due during the year ending June 30, 2021 prior to this optional redemption.

G. Segment information

The Authority maintains two major Enterprise Funds, each with a group of subfunds. Indentures for bonds reported in the Single Family Program Funds require that these programs be accounted for separately based on the General Resolutions for each grouping of bond issuances. The Single Family Programs Fund accounts for the Authority's single family mortgage program, which includes the Single Family Mortgage Revenue Bonds 2011 Series A/B, 2013 Series A, 2018 Series A; and 2010-1, 2011-2, and 2013-1 of the New Issue Bond Program (NIBP). The fund also accounts for the DSHA Mortgage Backed Securities Purchase Program.

CONDENSED STATEMENT OF NET POSITION - SINGLE FAMILY PROGRAMS FUND SEGMENTS
JUNE 30, 2021

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2011A/B-2018A	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES NIBP 2010-2013-1	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
Assets				
Current assets	\$ 6,031,614	\$ 23,810,504	\$ 32,004,190	\$ 61,846,308
Non-current assets	42,636,199	1,252,203	-	43,888,402
Total assets	48,667,813	25,062,707	32,004,190	105,734,710
Deferred outflow of resources				
Deferred amount on bond refunding	39,894	-	-	39,894
Total deferred outflow of resources	39,894	-	-	39,894
Liabilities				
Current liabilities	251,211	604,935	1,071	857,217
Current interfund payables	366,970	-	5,830	372,800
Non-current liabilities	33,316,455	18,970,000	-	52,286,455
Total liabilities	33,934,636	19,574,935	6,901	53,516,472
Deferred inflow of resources				
Deferred amount on bond refunding	1,839,270	-	-	1,839,270
Total deferred inflow of resources	1,839,270	-	-	1,839,270
Net position, restricted	\$ 12,933,801	\$ 5,487,772	\$ 31,997,289	\$ 50,418,862

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - SINGLE
FAMILY PROGRAMS FUND SEGMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2011A/B-2018A	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES NIBP 2010-2013-1	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
Operating revenues*	\$ 2,009,073	\$ 9,937,603	\$ 262,430	\$ 12,209,106
Operating expenses:				
Interest expense on bonds	1,233,618	1,103,121	-	2,336,739
Other	88,859	160,841	838	250,538
Operating income/(loss)	686,596	8,673,641	261,592	9,621,829
Non-operating revenue/(expenses):				
Investment income	1,060	3,328	14,098,126	14,102,514
Change in Fair Value of Investments	(1,058,335)	(5,488,731)	-	(6,547,066)
Transfers in/(out)	1,653,481	(3,537,983)	(8,065,848)	(9,950,350)
Change in net position	1,282,802	(349,745)	6,293,870	7,226,927
Beginning net position	11,650,999	5,837,517	25,703,419	43,191,935
Ending net position	\$ 12,933,801	\$ 5,487,772	\$ 31,997,289	\$ 50,418,862

*Operating revenues consist primarily of interest income on loans.

CONDENSED STATEMENT OF CASH FLOWS - SINGLE FAMILY PROGRAMS FUND SEGMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2011A/B-2018A	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES NIBP 2010-2013-1	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
Net cash provided (used) by:				
Operating activities	\$ 14,458,101	\$ 17,087,371	\$ 261,592	\$ 31,807,064
Noncapital financing activities	(11,010,054)	(65,782,087)	(8,065,849)	(84,857,990)
Investing activities	297,245	67,935,284	8,056,847	76,289,376
Net increase/(decrease)	3,745,292	19,240,568	252,590	23,238,450
Beginning cash and cash equivalents	65,512	7	5,167,118	5,232,637
Ending cash and cash equivalents	\$ 3,810,804	\$ 19,240,575	\$ 5,419,708	\$ 28,471,087

V. OTHER INFORMATION

A. Risk management

The Authority is exposed to various risks of loss related to non-state employee workers' compensation, automobile, and property and casualty claims. In Section D, the discussion of post-retirement health care benefits defines state and non-state employees. The State bears all risks associated with the Authority's state employees. The Authority's non-state employee risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have never exceeded commercial insurance coverage.

The Authority, as a public corporation, is responsible for all risk liabilities associated with its operations, with the exception that employees in state-owned vehicles and its offices in the Carvel State Office Building are covered by the State of Delaware. Over the past five years, the Authority annual insurance premiums have ranged between \$189,166 and \$251,900. The top four policies by premium amount were: commercial property, workers compensation, director and officer liability, and auto. The Authority's retained risk, meaning insurance deductible outlays through self-insurance, has ranged from \$1,000 to \$50,000 per occurrence.

The primary insurance coverage was \$2 million (with \$25,000 deductible) for property insurance; up to \$2.0 million (with \$10,000 deductible) for general liability insurance; up to \$1.0 million (with \$1,000 deductible) for auto insurance; and \$1.0 million (with \$50,000 deductible) for director and officer liability insurance.

B. Related organizations and related party transactions

Organizations for which the Authority appoints all or some of the governing boards, but for which it is not financially accountable, are considered to be related organizations. Delaware Diamond Fund, Inc., Huling Cove Housing Corporation (HCHC), Wexford Village Housing Corporation (WVHC), Delaware Rental Preservation Corporation, Liberty Court General Partner Corporation, Liberty Court Preservation, LP (LCPLP), MPH Preservation GP Corporation (MPHGP), and MPH Preservation, LP (MPHLP) are related organizations of the Authority. Accordingly, financial information for these eight entities is excluded from the Authority's financial statements.

During the Year Ended June 30, 2021, HCHC, LCPLP, and MPHLP are under agreements with the Authority for the management of their operations. For the Year Ended June 30, 2021, HCHC paid management fees to the Authority totaling \$34,068 and labor charges totaling \$150,490. LCPLP paid management fees to the Authority totaling \$72,302 and labor charges totaling \$146,493. MPHLP paid management fees to the Authority totaling \$53,609 and labor charges totaling \$159,291.

As of June 30, 2021, HCHC, WVHC, LCPLP, and MPHLP were indebted to the Authority for Housing Development Fund loans (including accrued interest) in the amounts of \$2,635,089, \$1,917,165, \$1,518,391, and \$178,821, respectively. WVHC, LCPLP and MPHLP were also indebted to the Authority for HOME loans in the amount of \$1,645,216, \$2,129,855, and \$61,424, respectively. WVHC was indebted to the General Fund for a construction loan in the amount of \$235,149. LCPLP and MPHLP were indebted to the General Fund for permanent loans in the amount of \$4,931,919 and \$5,675,796, respectively.

For the Year Ended June 30, 2021, Section 8 Contract Administration housing assistance payments totaling \$363,965 from the HUD passed through the Authority to HCHC and the Authority's Moving to Work Program passed RAD housing assistance payments totaling \$748,862 and \$568,505, respectively, through to LCPLP and MPHLP.

On August 27, 2020, the Authority entered a 100 year prepaid land lease agreement with MPHLP in exchange for an initial cash payment of \$554,204 and a deferred note receivable. The lease will expire on December 31, 2120. Lease revenue will be recognized on a straight-line basis over the term of the lease agreement.

C. Economic dependency

During the Year Ended June 30, 2021, the Authority's business-type activities received 85.7 percent of their revenue from the U.S. Department of Housing and Urban Development.

D. Post-retirement health care benefits

State Employees

1. Plan Description - The State of Delaware Other Postemployment Benefits Fund Trust (OPEB Trust) is a cost-sharing multiple-employer defined benefit plan established by Delaware Code. The OPEB Trust provides retirement medical coverage to pensioners and their eligible dependents in the State Employees', Judiciary, New State Police, and Closed State Police pension plans. This includes the employees of the State as well as employees of the State's component units and affiliated agencies which are part of the State Employees' pension plan. Those employers are Delaware State University, Delaware Charter Authorities, University of Delaware, and Delaware Solid Waste Authority.

On July 1, 2007, the OPEB Trust was established pursuant to Section 115 of the Internal Revenue Code and separate from the DPERS. The OPEB Trust is administered by the DPERS Board of Directors. Policy for and management of the OPEB Trust benefits provided to retirees are the responsibility of the State. The following are brief descriptions of the Plan in effect as of June 30, 2020. For a more complete description, please refer to the State of Delaware's Annual Comprehensive Financial Report available online at <https://accounting.delaware.gov> or the OPEB Trust's stand-alone financial statements at: open.omb.delaware.gov/financialreports/OPEB-Financial_reports.shtml.

2. Summary of Significant Accounting Policies - The Authority's state employees are covered under the State of Delaware Other Postemployment Benefits Plan (OPEB). For purposes of measuring the Authority's allocation of net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by State of Delaware. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

3. Service Benefits - Substantially all State employees become eligible for post-retirement benefits if they reach retirement age while working for the State. The costs of providing these benefits are shared between the State and the retired employee.

4. Vesting Provisions –

- Early Retirement: Age 55 with 15 years of service or any age with 25 years of service
- Normal Retirement (hired before January 1, 2012): Age 62 with 5 years of service, or age 60 with 15 years of service, or any age with 30 years of service
- Normal Retirement (hired on or after January 1, 2012): Age 65 with 10 years of service, or age 60 with 20 years of service, or any age with 30 years of service
- Spouse and Survivor Coverage: Both are available under any of the plan options with similar retiree contributions. Surviving spouses are eligible for coverage after the retiree's death.

5. Benefits Provided - During the fiscal year ended June 30, 2021, the State provided health insurance options through several providers.

6. Retiree Contributions - If hired prior to July 1, 1991, no contributions are required. If hired on or after July 1, 1991 (except disability pension), contributions depend on years of service, as shown on the table below:

Between July 1, 1991 and December 31, 2006		After January 1, 2007	
Years of Service	Percent of Premium Paid	Years of Service	Percent of Premium Paid
Less than 10	0%	Less than 15	0%
10 - 14	50%	15 - 17.5	50%
15 - 19	75%	17.5 - 19	75%
20 or more	100%	20 or more	100%

7. Funding Policy - The State of Delaware funds the OPEB for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined, typically from the General Fund. Additional funding has also been provided on an ad hoc basis. By State Statute Chapter 52, Title 29 of the Delaware Code, contribution requirements of plan members and the government are established and may be amended by the State Legislature. Funds are recorded in the OPEB Trust for the payment of retiree healthcare claims, administrative and investment expenses. Administrative costs are financed through investment earnings. State appropriations, other employer contributions, and retiree contributions for healthcare are recorded in the OPEB Trust. The funds available are invested under the management of the DPERS Board of Pension Trustees, which acts as the Board of Trustees for the OPEB Trust and is responsible for the financial management of the OPEB Trust.

8. Contributions - The contribution rates for the employer and retiree are established annually by the budgeting process of the State. Those rates include an employer contribution based on projected pay-as-you go financing requirements as a percent of covered payroll, with an additional amount to prefund benefits, which is not actuarially determined. For fiscal year 2021, the Authority's contribution was 12.86% of covered payroll and totaled \$33,025.

Retiree contribution rates are affected by the retiree date of hire, with eligible retirees hired after June 30, 1991 paying a proportionately higher rate if their years of service total less than 20.

9. Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - As of June 30, 2021, the Authority reported a liability of \$1,347,483 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the total OPEB liability as of June 30, 2019 to June 30, 2020. The Authority's proportion of the net OPEB liability was calculated utilizing the employer's contribution as it relates to the total reported contributions. As of the June 30, 2020 measurement, the Authority's proportion was 0.0129%.

For the year ended June 30, 2021, the Authority recognized OPEB income of \$287,023. As of June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual earnings on plan investments	\$ -	\$ 1,497
Net difference between projected and actual experience	39,125	92,625
Changes of Assumptions	227,863	76,637
Changes in the proportion	-	1,160,222
Total	<u>\$ 266,988</u>	<u>\$ 1,330,981</u>

The Authority's share of net deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2022	\$ (195,829)
2023	(195,300)
2024	(170,083)
2025	(161,402)
2026	(148,006)
Thereafter	<u>(193,370)</u>
	<u>\$ (1,063,990)</u>

10. Actuarial Assumptions - The collective total OPEB liability as of June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total OPEB liability to June 30, 2020. The actuarial assumptions used the following actuarial assumptions:

Actuarial Cost Method - Entry Age Normal

Investment Rate of Return – 7.00%, net of plan investment expense including inflation

Discount Rate - 3.50% at the beginning of the period and 2.21% at the end of the period

Projected Salary Increases - 3.25% plus merit including inflation

Healthcare Cost Trend Rate - 5.60% decreasing to 3.5% in 2038

Mortality rates were based on the sex-distinct RP-2014 Total Dataset Health Employee Mortality Table, including adjustment factors. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year.

The total OPEB liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2016. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates; the larger the impact on future financial statements.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Target Asset Allocation Range
Domestic Equity	5.7%	20% - 80%
International Equity	5.7%	20% - 80%
Fixed Income	2.0%	20% - 80%
Alternative Investments	7.8%	0% - 30%
Cash and Equivalents	-	20% - 80%

The discount rate and investment rate of return used to measure the total OPEB liability was 3.50 percent at the beginning of the current measurement period and 2.21 percent at the end, based on the Bond Buyer GO 20- Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20- year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions to the Plan will continue to follow the pay as you go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rates used at the June 30, 2020 measurement date is equal to the applicable rate of the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

11. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the OPEB Trust, as well as what the OPEB Trust's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) and 1-percentage-point higher (3.21 percent) than the current discount rate:

1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
\$ 1,615,251	\$ 1,347,483	\$ 1,138,272

12. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the OPEB Trust, as well as what the OPEB Trust's net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (5.6 percent decreasing to 4.6 percent) and 1-percentage higher (5.6 increasing to 6.6 percent) than the current healthcare trend rates:

1% Decrease 4.60%	Current Trend Rate 5.60%	1% Increase 6.60%
\$ 1,264,417	\$ 1,347,483	\$ 1,474,178

Non-State Employees

Authority non-state employees are hired by the Authority directly and are eligible for Delaware State Housing Authority employee benefits including the DSHA Retiree Medical Plan (DSHA OPEB). The following disclosures are for the June 30, 2020 plan measurement date and the June 30, 2021 employer reporting date as defined by GASBS Nos. 74 and 75. No stand-alone financial report is issued for the Medical Retiree Trust.

1. Plan Description - The Delaware State Housing Authority (DSHA) retiree medical program is a single-employer defined benefit healthcare plan administered by the Authority's Retiree Medical Trustees. By-Laws were adopted on March 1, 2008, which established benefits and plan amendment terms, can be amended by the Board of Trustees. There are five trustees, one of whom serves as Chair Person and another as Vice Chair Person, with 2-year alternating terms. Vacancies are selected by current trustees. The DSHA retiree medical program provides health care insurance benefits to its non-state retirees, their spouses and dependents participating in the State of Delaware Group Health Insurance Program. The amount the Authority pays for the medical insurance premiums for retirees varies by the individual's service and retirement date. All regular active employees who retire directly from the Authority and meet the eligibility criteria may participate. The Authority issues this publicly available financial report that includes financial statements and required supplementary information for the plan. As of July 1, 2020, there were 110 active plan members, 26 inactive plan members (including covered spouses) currently receiving benefits, and no inactive plan members entitled to but not yet receiving benefits.

2. Funding Policy - Contributions to the plan are made by the Authority to the DSHA Retiree Medical Trust as established by the Authority on March 1, 2008. The Authority contributes to the Trust periodically the amounts it determines necessary or appropriate. The contribution requirement can be amended by the Board of Trustees. The Authority contributed \$778,725 for the Year Ended June 30, 2021. The Authority's OPEB expense for this plan for the year ended June 30, 2021 was \$367,966. The funds are invested according to the Authority's investment policy described in Note IV. A.

3. Investment Policy - The funds are invested according to the Authority's investment policy described in Note IV. A. The Fiduciary Fund investments include a mortgage loan receivable held by the DSHA Retiree Medical Trust to generate income. The mortgage loan provided \$1,225,000 in permanent financing to a Delaware affordable rental housing site

in the form of a 5 percent amortizing loan over 30 years, with a 20-year call provision. The loan was disbursed in October of 2015. The Authority, in the event of loan default, is the guarantor of this loan. The annual money-weighted rate of return on plan investments for the year ended June 30, 2021 was 0.77%.

4. Funded Status and Funding Progress - As of June 30, 2020 measurement (June 30, 2021 employer reporting), the total OPEB liability was \$18,614,876. The plan's fiduciary net position was \$9,123,931, resulting in a net OPEB liability of \$9,490,945. The plan's fiduciary net position as a percentage of the total OPEB liability calculates to 49%.

5. The following schedule summarizes the change in the net pension liability for the measurement period ended June 30, 2020 (employer reporting as of June 30, 2021):

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
June 30, 2019 measurement date and June 30, 2020 reporting date	\$ 14,195,231	\$ 8,088,704	\$ (6,106,527)
Service Date	673,326	-	(673,326)
Interest Cost	519,593	-	(519,593)
Differences between expected and actual experience	(118,539)	-	118,539
Changes in assumptions	3,477,124	-	(3,477,124)
Benefit payments	(131,859)	(131,859)	-
Employer contributions		784,124	784,124
Net investment income		392,662	392,662
Administrative expense		(9,700)	(9,700)
June 30, 2020 measurement date and June 30, 2021 reporting date	<u>\$ 18,614,876</u>	<u>\$ 9,123,931</u>	<u>\$ (9,490,945)</u>

As of June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the DSHA OPEB as follows:

	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ -	\$ 1,864,124
Changes in assumptions	3,012,888	2,673,911
Differences between expected and actual net investment income	-	32,065
Contributions made after measurement date	<u>778,725</u>	<u>-</u>
Total	<u>\$ 3,791,613</u>	<u>\$ 4,570,100</u>

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to DSHA will be recognized in OPEB expense as follows:

2022	\$	(539,731)
2023		(562,762)
2024		(600,927)
2025		(381,800)
2026		(9,572)
Thereafter		<u>537,580</u>
	\$	<u>(1,557,212)</u>

6. Actuarial Methods and Assumptions - The following table shows the actuarial methods and assumptions of DSHA OPEB's most recent actuarial valuation:

Valuation date	July 1, 2020
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	2.21%
Discount rate	2.21%
20-Year municipal bond rate	2.21%
Municipal bond rate basis	Bond buyers' general obligation 20 year Municipal bond index
Salary Increases	2.00%
Inflation rate	2.00%
Ultimate rate of medical inflation	
Pre-65 trend	6.00% in 2020 decreasing to 4.75% in 2028
Post-65 trend	5.75% in 2020 decreasing to 4.75% in 2028
Mortality rate	PUB 2010 "General" Classification projected generationally with Scale MP-2019
Asset method	Fair market value

The following assumptions were updated for the June 30, 2020 measurement:

	June 30, 2020 Measurement	June 30, 2019 Measurement
Discount Rate	2.21%	3.51%
20-Year municipal bond rate	2.21%	3.51%
Ultimate rate of medical inflation		
Pre-65 trend	6.00% in 2020 decreasing to 4.75% in 2028	6.75% in 2019 decreasing to 4.75% in 2028
Post-65 trend	5.75% in 2020 decreasing to 4.75% in 2028	6.00% in 2019 decreasing to 4.75% in 2028
Mortality Rate Scale	MP 2019	MP 2018

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability as of the June 30, 2020 measurement (June 30, 2021 reporting):

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ 14,855,144	\$ 18,614,876	\$ 23,705,514
Plan Fiduciary Net Position	9,123,931	9,123,931	9,123,931
Net OPEB Liability	\$ 5,731,213	\$ 9,490,945	\$ 14,581,583

Based on DSHA's funding policy, projected assets are not projected to be sufficient to cover projected benefit payments, so the expected return is not used as the discount rate. The assumed asset allocation of the plan portfolio shown as arithmetically:

Asset Class	Balance at June 30, 2021	Percent of Portfolio	Long-Term Expected Real Rate of Return
Corporate Notes	\$ 2,641,227	27.1%	1.7%
U.S. Agencies	\$ 4,174,741	42.8%	1.7%
U.S. Treasury Notes	\$ 1,225,655	12.6%	1.6%
Money Market Savings	\$ 40,974	0.4%	0.0%
Commercial Paper	\$ 568,857	5.8%	1.6%
Loans Receivable	\$ 1,109,568	11.4%	5.0%

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability as of the June 30, 2020 measurement (June 30, 2021 reporting):

	1% Decrease 1.21%	Trend Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 23,271,342	\$ 18,614,876	\$ 15,110,343
Plan Fiduciary Net Position	9,123,931	9,123,931	9,123,931
Net OPEB Liability	\$ 14,147,411	\$ 9,490,945	\$ 5,986,412

E. Pension plans

State Employees

Authority state employees are hired by the Authority through the State of Delaware Office of Personnel and are eligible for State of Delaware employee benefits.

1. Plan Description - All State employees of the Authority are covered by the State of Delaware Employees' Pension Plan which is a cost-sharing, multiple employer, defined benefit public employees retirement system (the "State PERS"). The State of Delaware General Assembly is responsible for setting benefits and amending plan provisions. The State Board of Pension Trustees determines the contributions required. All eligible State employees are required to contribute to the pension plan according to Chapter 55, Title 29 of the Delaware Code.

All full-time or regular part-time state employees are eligible to participate in the State PERS. The State PERS provides pension, disability, and death benefits. In general, employees are eligible for pension benefits if they retire at age 62 with at least five years of credited service, at age 60 with at least 15 years of credited service, or at any age after 30 years of credited service. Monthly benefits equal final average monthly compensation multiplied by 2.0% and multiplied by years of credited service prior to January 1, 1997

plus final average monthly compensation multiplied by 1.85% and multiplied by credited service after December 31, 1996, subject to minimum limitations. For this plan, final average monthly compensation is the monthly average of the highest three years of compensation.

Pension provisions include survivor's benefits, whereby the employee must have been receiving a pension or have been an active employee with five years of credited services. Eligible survivors receive 50% of the pension the employee would have received at age 62. Additionally, the plan provides for monthly disability provisions which are the same as the pension benefit. The employee must have five years of credited service subject to limitations. The plan's death benefit is \$7,000 per member.

2. Funding Policy - Employees of the Authority are required to contribute 3% of earnings in excess of \$6,000. Additionally, for the Year Ended June 30, 2021, the Authority was required to contribute 13.43% of covered payroll to the plan. The Authority's contribution to the State PERS for the Year Ended June 30, 2021 was \$34,501, equal to the required contribution for the year. The Authority's contributions to the State PERS for the Years Ended June 30, 2020 and June 30, 2019 were \$36,514 and \$46,063, respectively, equal to the required contribution for each year.

3. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the Authority reported a liability of \$186,376 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 with update procedures used to roll forward the total pension liability to June 30, 2020. As of the June 30, 2020 and 2019 measurement dates, the Authority's proportion was 0.0133 percent and 0.0172 percent, respectively. The Authority's proportionate share of the Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Pension Expense (the Collective Pension Amounts) was determined in accordance with Governmental Accounting Standards Board No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The Plan's Management has elected to allocate the employer's proportionate shares of the Collective Pension amounts on the percentage of actual employer contributions. Intra-fund transfers and journal entries associated with payroll adjustments are not included in the allocation.

As of June 30, 2021, the Authority reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings experience	\$ 24,297	\$ 560
Net difference to change in proportion	-	150,935
Net difference between projected and actual earnings on plan investments	-	32,385
Changes of Assumptions	13,056	-
Contributions made after the measurement date	34,501	-
Total	<u>\$ 71,854</u>	<u>\$ 183,880</u>

The \$34,501 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

4. Actuarial Assumptions - The collective total pension liability for June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 and

update procedures were used to roll forward the total pension liability to June 30, 20. These actuarial valuations used the following actuarial assumptions:

Investment rate of return/discount rate*	7.0%
Projected salary increases*	2.5% + Merit
Cost-of-living adjustments	0%

*Inflation is included at 2.5%

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in the future years. The assumptions used were based on the results of an actuarial experience study conducted in 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Mortality rates were based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical patterns of granting the changes and the consistency in the amounts of the changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the System's current and expected asset allocation is summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Asset Allocation
Domestic equity	5.7%	28.5%
International equity	5.7%	15.2%
Fixed income	2.0%	28.8%
Alternative investments	7.8%	23.0%
Cash and equivalents	-	4.5%

Discount Rate - The discount rate for all plans used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans 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 on pension plan investments was applied to all periods of projected benefit payments to determine the total

pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the Plan, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

1% Decrease	Discount Rate	1% Increase
\$ 353,869	\$ 186,376	\$ 41,882

5. Deferred Outflows of Resources and Deferred Inflows of Resources - The components of collective deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on the DPERS investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life as of all plan members, beginning the year in which the deferred amount occurs. The amortization period is six years for the State Employees' Plan, for deferred amounts arising in fiscal year 2016. The annual difference between the projected and actual earnings on investments is amortized over a five-year closed period beginning the year in which the difference occurs. The cumulative amounts of collective net deferred outflows (inflows) of resources reported as of June 30, 2020 will be recognized in pension expense during the years ended June 30, as follows:

2022	\$ (27,697)
2023	(22,905)
2024	(20,509)
2025	(27,280)
2026	(22,982)
2027	(25,154)
	<u>\$ (146,527)</u>

6. Pension Expense - For the year ended June 30, 2021, the Authority recognized pension expense of (\$7,755).

7. The components of the pension expense for the year ending June 30, 2021 are as follows:

Service Costs	\$ 26,873
Interest on Total Pension Liability	98,774
Member Contributions	(9,833)
Administrative Expenses	803
Projected Earnings on Plan Investments	(83,039)
Differences between projected and actual earnings on plan investments	2,941
Differences between projected and actual experiences with regard to or other inputs in the measurement of total pension liability	5,157
Change in Assumption with regard to factors or other inputs in the measurement of total pension liability	8,377
Net Amortization of deferred amounts from Changes in Proportion	<u>(57,808)</u>
Pension Expense	<u>\$ (7,755)</u>

8. Plan Assets - The Plan's investments are reported at fair value. Fair value for fixed

income and equity securities are generally valued based on published market prices and quotations from national security exchanges or securities pricing services. Pooled investments are funds wherein the System owns units or shares of commingled equity, bond, and cash funds. Alternative investments included nontraditional investments, some of which may be illiquid, such as limited partnerships, venture capital funds, or private LLCs.

The State PERS issues a publicly available financial report that includes the financial statements and required supplementary information in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). That report may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Blvd., Dover, DE 19904, or by calling 1-800-722-7300.

Non-State Employees

Authority non-state employees are hired by the Authority directly and are eligible for Delaware State Housing Authority employee benefits.

1. Plan Description - Full-time non-state employees are covered by the Housing-Renewal and Local Agency Retirement Plan. The Administrator of the plan is William M. Mercer, Incorporated. The Authority establishes and amends contributions through a General Order which is approved by the Authority's Director. The Plan shall be construed, regulated, and administered according to the laws of the State of Tennessee, where the plan is incorporated, except those areas preempted by the laws of the United States of America. The Housing-Renewal and Local Agency Retirement Plan provides pension, disability, and death benefits. In general, employees are eligible for pension benefits if they retire at age 65 with at least five years of credited service, or the date on which the employee completes ten (10) years of combined participation in this Plan and their prior plan, if any. The employee is entitled to the full value of their account as of the date of retirement.

2. Funding Policy - This defined contribution plan is funded by contributions from both the covered employees and the Authority. Non-state employees of the Authority are required to contribute 3.5% of their basic salary. The Authority's contribution rate was 9.59% of covered payroll for the Year Ended June 30, 2021. The Authority's contribution to the Housing Renewal and Local Agency Retirement Plan for the Year Ended June 30, 2021 was \$610,620 equal to the required contribution for the year. The Authority's contributions to the plan for the Years Ended June 30, 2020 and June 30, 2019 were \$590,981 and \$522,245, respectively, equal to the required contributions for each year.

F. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, the Authority expects such amounts, if any, to be immaterial.

G. Subsequent events

DSHA determined there were ERA/DEHAP applications processed and approved for payment that did not get properly recorded in the Authority's accounting system as of June 30, 2021. DSHA may be contingently liable for these payments based on the status of those applications on that date and is working to determine the number of applications and related dollar amounts which would likely impact the financial statements. A significant number of the

applications have been reviewed and an adjusting journal entry was necessary to correctly report the ERA/DEHAP accrued liability and expense. However, management is of the opinion that ultimate resolution of the matter may result in an additional liability to the Authority.

DELAWARE STATE HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION



DELAWARE STATE HOUSING AUTHORITY
STATE OF DELAWARE EMPLOYEES' PENSION PLAN
SCHEDULE OF NET PENSION LIABILITY
AS OF JUNE 30, 2021

Actuarial Valuation Date	Proportion of Collective Net Pension Liability	Proportion of Total Pension Liability	Authority's Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2014	0.048%	\$ 177,377	\$ 878,451	20.2%	95.8%
6/30/2015	0.046%	\$ 307,518	\$ 863,020	35.6%	92.7%
6/30/2016	0.038%	\$ 571,337	\$ 718,116	79.6%	84.1%
6/30/2017	0.038%	\$ 414,818	\$ 493,985	84.0%	85.3%
6/30/2018	0.023%	\$ 292,497	\$ 459,368	63.7%	87.5%
6/30/2019	0.017%	\$ 267,335	\$ 357,909	74.7%	85.4%
6/30/2020	0.013%	\$ 186,376	\$ 279,587	66.7%	87.3%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DELAWARE STATE HOUSING AUTHORITY
STATE OF DELAWARE EMPLOYEES' PENSION PLAN
NOTES TO SCHEDULE OF NET PENSION LIABILITY
AS OF JUNE 30, 2021

Employer Reporting Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	
Actuarial Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	
Investment Rate of return/discount rate*	7.0%	7.0%	7.0%	7.0%	7.2%	7.2%	
Projected salary increases*	2.5% + Merit	2.5% + Merit	2.5% + Merit	2.5% + Merit	2.5% + Merit	3.5% to 11.5%	
Cost-of-living adjustments	0%	0%	0%	0%	0%	Ad hoc	
Mortality rates		RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.				Mortality rates were based on the Sex distinct RP-2000 combined Mortality Table projected to 2015 scale AA for Males or Females, as appropriate, for mortality improvement.	

*Inflation is included at 2.5%

DELAWARE STATE HOUSING AUTHORITY
STATE OF DELAWARE EMPLOYEES' PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AS OF JUNE 30, 2021

Date	Required Employer Contribution	Contributions Recognized in Relation to the Required Employer Contribution	Contribution Deficiency/(Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2012	\$ 96,951	\$ 96,951	\$ -	1,045,858	9.27%
6/30/2013	\$ 91,068	\$ 91,068	\$ -	929,265	9.80%
6/30/2014	\$ 92,413	\$ 92,413	\$ -	878,451	10.52%
6/30/2015	\$ 91,739	\$ 91,739	\$ -	863,020	10.63%
6/30/2016	\$ 76,982	\$ 76,982	\$ -	718,116	10.72%
6/30/2017	\$ 52,807	\$ 52,807	\$ -	493,985	10.69%
6/30/2018	\$ 46,856	\$ 46,856	\$ -	459,368	10.20%
6/30/2019	\$ 46,063	\$ 46,063	\$ -	357,909	12.87%
6/30/2020	\$ 36,514	\$ 36,514	\$ -	279,587	13.06%
6/30/2021	\$ 34,501	\$ 34,501	\$ -	256,895	13.43%

NOTE TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

The Authority contributes required contribution as defined by the State of Delaware's Operating Budget.

DELAWARE STATE HOUSING AUTHORITY
RETIREE MEDICAL TRUST FUND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AS OF JUNE 30, 2021

Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Reporting Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Beginning OPEB Liability Balance	\$ 14,195,231	\$ 15,280,574	\$ 16,445,290	\$ 17,911,837
Service Cost	673,326	677,546	776,605	937,606
Interest Cost	519,593	615,235	614,727	535,772
Difference Between Expected and Actual Experience	(118,539)	(1,413,621)	(1,186,338)	(39,636)
Change in assumptions	3,477,124	(842,173)	(1,267,300)	(2,798,750)
Benefit payments	(131,859)	(122,330)	(102,410)	(101,539)
Ending OPEB Liability Balance	\$ 18,614,876	\$ 14,195,231	\$ 15,280,574	\$ 16,445,290
Beginning Plan Fiduciary Net Position	\$ 8,088,704	\$ 7,096,300	\$ 6,446,869	\$ 5,767,009
Benefit payments	(131,859)	(122,330)	(102,410)	(101,539)
Employer contributions	784,124	748,852	713,293	732,138
Net Investment Income	392,662	375,182	50,598	58,061
Administrative expense	(9,700)	(9,300)	(12,050)	(8,800)
Ending Plan Fiduciary Net Position	9,123,931	8,088,704	7,096,300	6,446,869
Net OPEB Liability	\$ 9,490,945	\$ 6,106,527	\$ 8,184,274	\$ 9,998,421
Cover-Employee Payroll	\$ 5,009,664	\$ 4,759,353	\$ 4,612,790	\$ 4,350,000
Net OPEB Liability as a Percentage of Payroll	189.45%	128.31%	177.43%	229.85%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.01%	56.98%	46.44%	39.20%

DELAWARE STATE HOUSING AUTHORITY
 RETIREE MEDICAL TRUST FUND
 NOTES TO SCHEDULE OF CHANGES IN NET OPEB LIABILITY
 AS OF JUNE 30, 2021

Valuation date	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2016
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Actuarial Assumptions:				
Investment Rate of Return	2.21%	3.51%	3.87%	3.00%
Discount Rate	2.21%	3.51%	3.87%	2.85%
20 Year Municipal Bond Rate	2.21%	3.51%	3.87%	2.85%
Municipal Bond Rate Basis		Bond Buyers General Obligation 20 Year Municipal Bond Index		
Inflation Rate	2.00%	2.00%	2.00%	2.00%
Ultimate Rate of Medical Inflation				
Pre-65 Trend	6.00% in 2020 decreasing to 4.75% in 2028	6.75% in 2019 decreasing to 4.75% in 2028	7.50% in 2016 decreasing to 4.50% in 2028	6.00% in 2016 decreasing to 4.50% in 2027
Post-65 Trend	5.75% in 2020 decreasing to 4.75% in 2028	6.00% in 2019 decreasing to 4.75% in 2028	8.25% in 2016 decreasing to 4.50% in 2028	5.00% in 2016 decreasing to 4.50% in 2027
Mortality Rate	PUB-2010, "General" Classification projected generationally with Scale MP-2019	PUB-2010, "General" Classification projected generationally with Scale MP-2018	RP-2014 Mortality Table projected generationally with scale MP-2015 from the central year.	
Asset Method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DELAWARE STATE HOUSING AUTHORITY
 RETIREE MEDICAL TRUST FUND
 SCHEDULE OF CONTRIBUTIONS
 AS OF JUNE 30, 2021

Fiscal Year End Date	Actuarially Determined Contribution	Contributions Recognized by Plan	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Payroll
6/30/2021	\$ 1,476,504	\$ 778,725	\$ 697,779	\$ 5,009,664	15.54%
6/30/2020	1,029,396	784,124	245,272	4,759,353	16.48%
6/30/2019	1,169,622	748,852	420,770	4,612,790	16.23%
6/30/2018	1,471,550	713,293	758,257	4,350,000	16.40%
6/30/2017	1,471,550	732,138	739,412	4,350,000	16.83%

Notes to Schedule of Contribution

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported

Actuarial Cost Method: Entry Age Normal with 30-year open amortization period for the unfunded liability

Asset Valuation Method: Market Value

Investment Rate of Return: 2.21%, net of OPEB plan investment expense, including inflation

Retirement Age: Varies by age

Mortality: PUB-2010, "General" Classification, projected generationally with Scale MP-2019

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DELAWARE STATE HOUSING AUTHORITY
 RETIREE MEDICAL TRUST FUND
 SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN ON INVESTMENTS
 AS OF JUNE 30, 2021

Fiscal Year End Date	Annual Money-Weighted Rate of Return on Investments
6/30/2021	0.77%
6/30/2020	4.74%
6/30/2019	5.29%
6/30/2018	0.82%
6/30/2017	1.88%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DELAWARE STATE HOUSING AUTHORITY
STATE OF DELAWARE OTHER POST EMPLOYMENT BENEFITS PLAN
JUNE 30, 2021

In accordance with GASB No. 75, the following required supplementary information is provided with respect to the Authority's net OPEB Liability. Information prior to 2018 is not readily available.

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<u>Schedule of Net OPEB Liability</u>				
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Percentage Proportion	0.0129%	0.0167%	0.0221%	0.0276%
Net OPEB Liability Share	\$ 1,347,483	\$ 1,331,941	\$ 1,812,358	\$ 2,282,581
Employer Covered Payroll	279,587	357,909	459,368	493,985
OPEB Liability as a Percentage of Covered Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	4.27%	4.89%	4.44%	4.13%
<u>Schedule of Contributions</u>				
Required Contribution	\$ 33,025	\$ 35,762	\$ 42,004	\$ 49,585
Actual Contribution	33,025	35,762	42,004	49,585
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -
Employer Covered Payroll	\$ 279,587	\$ 357,909	\$ 459,368	\$ 493,985
Actual contribution as a percentage of covered payroll	11.81%	9.99%	9.14%	10.04%
<u>Notes to Required Supplementary Information</u>				
Actuarial Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Actuarial Cost Method	entry age normal	entry age normal	entry age normal	entry age normal
Discount Rate	2.21%	3.50%	3.87%	3.58%
Healthcare Trend Rate	5.60%	6.60%	6.80%	7.00%
Mortality Rate	RP-2014 Total Dataset Employee Mortality Table	RP-2014 Total Dataset Health Annuitant Mortality Table	RP-2014 Total Dataset Health Annuitant Mortality Table	RP-2014 Total Dataset Health Annuitant Mortality Table
<u>Investment Allocation</u>				
Domestic Equity	N/A	N/A	20% - 80%	36.70%
International Equity	N/A	N/A	20% - 80%	19.20%
Equity	20% - 80%	20% - 80%	N/A	N/A
Fixed Income	20% - 80%	20% - 80%	20% - 80%	38.10%
Cash and Equivalents *	0.00%	0.00%	0.00%	6.00%
Alternative Investments				
Illiquid Investments	0% - 30%	0% - 30%	N/A	N/A
Other Diversification Investments	0% - 20%	0% - 20%	N/A	N/A
<u>Investment Rate of Return</u>				
Domestic Equity	5.70%	5.70%	5.70%	3.75%
International Equity	5.70%	5.70%	5.70%	3.75%
Fixed Income	2.00%	2.00%	2.00%	3.75%
Cash and Equivalents	0.00%	0.00%	0.00%	0.00%
Alternative Investments	7.80%	7.80%	N/A	N/A

* The Fund will rarely be fully invested at the minimum or maximum limits, and some assets will be held in cash.



DELAWARE STATE HOUSING AUTHORITY
OTHER SUPPLEMENTARY INFORMATION



DELAWARE STATE HOUSING AUTHORITY
 SCHEDULE OF ACTIVITIES - ENTITY-WIDE
 FOR THE YEAR ENDED JUNE, 30, 2021

EXPENSES	\$	117,193,308
PROGRAM REVENUE		
Charges for services		27,995,845
Operating grants and contributions		114,094,511
Capital grants and contributions		<u>332,470</u>
NET OPERATING REVENUE		25,229,518
GENERAL REVENUE		
Gain/(Loss) on Fixed Assets		4,003,493
Investment gains/(losses)		<u>7,831,141</u>
TOTAL GENERAL REVENUE		<u>11,834,634</u>
CHANGE IN NET POSITION		37,064,152
NET POSITION, BEGINNING		<u>567,652,476</u>
NET POSITION, ENDING	\$	<u><u>604,716,628</u></u>



DELAWARE STATE HOUSING AUTHORITY
 BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	DELAWARE EMERGENCY MORTGAGE ASSISTANCE PROGRAM	DELAWARE HOUSING INSURANCE FUND	DELAWARE MORTGAGE MEDIATION PROGRAM	DSHA SECOND MORTGAGE ASSISTANCE LOAN PROGRAM	DELAWARE DEPARTMENT OF JUSTICE MORTGAGE SETTLEMENT FUND
ASSETS					
Cash and cash equivalents	\$ 10,270,083	\$ 341,071	\$ -	\$ 5,233,994	\$ 409,072
Investments	1,683,895	-	12,204	-	-
Interfund receivables	-	-	7,361	7,023	-
Loans receivable:					
Mortgages receivable, net	5,570,797	-	-	18,755,084	-
Accrued interest & other receivables	439,490	-	-	7,708,093	-
TOTAL ASSETS	\$ 17,964,265	\$ 341,071	\$ 19,565	\$ 31,704,194	\$ 409,072
LIABILITIES & FUND BALANCES					
LIABILITIES					
Interfund payables	\$ 790	\$ 50	\$ -	\$ 6,366	\$ -
Escrow deposits	5,906	-	-	-	-
TOTAL LIABILITIES	6,696	50	-	6,366	-
FUND BALANCES					
Restricted	17,957,569	341,021	19,565	31,697,828	409,072
Assigned	-	-	-	-	-
TOTAL FUND BALANCES	17,957,569	341,021	19,565	31,697,828	409,072
TOTAL LIABILITIES & FUND BALANCES	\$ 17,964,265	\$ 341,071	\$ 19,565	\$ 31,704,194	\$ 409,072

HOUSING REHABILITATION LOAN PROGRAM	STRONG NEIGHBORHOODS HOUSING FUND	HOME 4 GOOD PROGRAM	PRE DEVELOPMENT LOAN PROGRAM	NEIGHBOR- WORKS PROJECT REINVEST	WILMINGTON SENIOR TAX ASSISTANCE PROGRAM	SUSTAINABLE ENERGY UTILITY LOAN FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ 389,610	\$ 412,517	\$ 478,852	\$ 12,240	\$ 19,643	\$ 905,142	\$ 18,472,224
-	12,455,813	-	-	-	-	-	14,151,912
-	-	-	-	-	-	-	14,384
512,399	-	-	21,198	-	-	94,908	24,954,386
71,879	-	54	-	-	-	-	8,219,516
<u>\$ 584,278</u>	<u>\$ 12,845,423</u>	<u>\$ 412,571</u>	<u>\$ 500,050</u>	<u>\$ 12,240</u>	<u>\$ 19,643</u>	<u>\$ 1,000,050</u>	<u>\$ 65,812,422</u>
\$ -	\$ -	\$ 50	\$ 50	\$ -	\$ -	\$ 50	\$ 7,356
-	-	-	-	-	-	-	5,906
-	-	50	50	-	-	50	13,262
584,278	12,845,423	412,521	500,000	12,240	-	1,000,000	65,779,517
-	-	-	-	-	19,643	-	19,643
<u>584,278</u>	<u>12,845,423</u>	<u>412,521</u>	<u>500,000</u>	<u>12,240</u>	<u>19,643</u>	<u>1,000,000</u>	<u>65,799,160</u>
<u>\$ 584,278</u>	<u>\$ 12,845,423</u>	<u>\$ 412,571</u>	<u>\$ 500,050</u>	<u>\$ 12,240</u>	<u>\$ 19,643</u>	<u>\$ 1,000,050</u>	<u>\$ 65,812,422</u>

DELAWARE STATE HOUSING AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	DELAWARE EMERGENCY MORTGAGE ASSISTANCE PROGRAM	DELAWARE HOUSING INSURANCE FUND	DELAWARE MORTGAGE MEDIATION PROGRAM	DSHA SECOND MORTGAGE ASSISTANCE LOAN PROGRAM	DELAWARE DEPARTMENT OF JUSTICE MORTGAGE SETTLEMENT FUND
REVENUES					
Interest income:					
Investments	\$ 1,222	\$ -	\$ 196	\$ -	\$ -
Loans	71,050	-	-	1,036,355	-
Total interest income	72,272	-	196	1,036,355	-
Payments from primary government	-	-	-	-	-
Gains/(losses) on investments	-	-	-	-	-
Fees	-	-	47,400	-	-
Other revenue	2,306,317	-	-	252,224	-
TOTAL REVENUES	2,378,589	-	47,596	1,288,579	-
EXPENDITURES					
Current:					
Affordable rental housing	-	-	-	-	-
Community rehabilitation	-	-	-	-	-
Home ownership	138,784	-	45,161	149,080	185,000
Housing rehabilitation	-	-	-	-	-
TOTAL EXPENDITURES	138,784	-	45,161	149,080	185,000
EXCESS/(DEFICIT) REVENUE OVER EXPENDITURES	2,239,805	-	2,435	1,139,499	(185,000)
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	-	-	-	-	-
Transfers in	-	1,899	-	126,615	-
Transfers out	-	(8,641)	-	(511,124)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(6,742)	-	(384,509)	-
NET CHANGE IN FUND BALANCES	2,239,805	(6,742)	2,435	754,990	(185,000)
FUND BALANCES, BEGINNING	15,717,764	347,763	17,130	30,942,838	594,072
FUND BALANCES, ENDING	\$ 17,957,569	\$ 341,021	\$ 19,565	\$ 31,697,828	\$ 409,072

HOUSING REHABILITATION LOAN PROGRAM	STRONG NEIGHBORHOODS HOUSING FUND	HOME 4 GOOD PROGRAM	PRE DEVELOPMENT LOAN PROGRAM	NEIGHBOR- WORKS PROJECT REINVEST	WILMINGTON SENIOR TAX ASSISTANCE PROGRAM	SUSTAINABLE ENERGY UTILITY LOAN FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ 9,273	\$ -	\$ -	\$ -	\$ -	\$ -	10,691
18,095	-	-	-	-	-	-	1,125,500
18,095	9,273	-	-	-	-	-	1,136,191
-	4,000,000	-	-	-	-	-	4,000,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	47,400
16,665	-	-	-	-	-	-	2,575,206
34,760	4,009,273	-	-	-	-	-	7,758,797
-	-	813,333	-	-	-	-	813,333
-	888,560	-	-	-	-	-	888,560
-	-	-	-	-	2,667	-	520,692
15,040	-	-	-	-	-	-	15,040
15,040	888,560	813,333	-	-	2,667	-	2,237,625
19,720	3,120,713	(813,333)	-	-	(2,667)	-	5,521,172
-	-	-	-	-	-	1,000,000	1,000,000
14,400	-	1,000,000	-	-	-	-	1,001,899
(117,252)	-	(700,000)	-	-	-	-	(1,196,002)
(102,852)	-	300,000	-	-	-	-	805,897
(83,132)	3,120,713	(513,333)	-	-	(2,667)	1,000,000	6,327,069
667,410	9,724,710	925,854	500,000	12,240	22,310	-	59,472,091
\$ 584,278	\$ 12,845,423	\$ 412,521	\$ 500,000	\$ 12,240	\$ 19,643	\$ 1,000,000	\$ 65,799,160

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF NET POSITION - PROPRIETARY FUND - SUBFUNDS OF THE FEDERAL PROGRAMS ENTERPRISE FUND
JUNE 30, 2021

	COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS	FAMILY UNIFICATION PROGRAM	HOME INVESTMENT PARTNERSHIP PROGRAM	HOUSING TRUST FUND	EMERGENCY RENTAL ASSISTANCE PROGRAM
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 13,740	\$ 82,654	\$ 79,604	\$ 121,897	\$ 7,846,151
Investments	-	-	2,783,232	-	224,524,273
Accrued interest and other receivables	-	-	20,946	17,061	28,508
Grants receivable-U.S. Dept of HUD	22,569	-	3,077	3,868	-
Interfund receivables	70,595	-	-	2,075	-
Prepaid expenses	-	26,619	-	-	-
Total current assets	106,904	109,273	2,886,859	144,901	232,398,932
Non-Current Assets:					
Cash, restricted for payment of escrows	-	79,462	-	-	-
Investments	-	-	7,008,111	33,833	-
Mortgages receivable, net	-	-	61,516,518	5,027,998	-
Accrued interest and other receivables, net	-	-	13,074,343	-	-
Interfund receivables	-	-	-	-	-
Capital assets not being depreciated	-	-	-	-	-
Capital assets net of accumulated depreciation	-	-	-	-	-
Total non-current assets	-	79,462	81,598,972	5,061,831	-
TOTAL ASSETS	106,904	188,735	84,485,831	5,206,732	232,398,932
LIABILITIES					
Current Liabilities:					
Accounts payable	8,294	-	8,009	6,074	5,650,101
Deferred Revenue	-	-	-	-	227,774,028
Due St of Delaware-pension costs	528	-	-	-	-
Interfund payables	38,944	-	138,061	70,380	-
Compensated absences payable	-	-	-	30	-
Total current liabilities	47,766	-	146,070	76,484	233,424,129
Non-Current Liabilities:					
Interfund payables	-	30,000	71,201	-	-
Compensated absences payable	61,029	-	12,396	18,715	-
Escrow deposits	-	79,462	7,008,111	33,833	-
Total non-current liabilities	61,029	109,462	7,091,708	52,548	-
TOTAL LIABILITIES	108,795	109,462	7,237,778	129,032	233,424,129
NET POSITION					
Invested in capital assets	-	-	-	-	-
Restricted by federal regulations	-	79,273	77,248,053	5,077,700	-
Unrestricted	(1,891)	-	-	-	(1,025,197)
TOTAL NET POSITION	\$ (1,891)	\$ 79,273	\$ 77,248,053	\$ 5,077,700	\$ (1,025,197)

MOVING TO WORK DEMONSTRATION PROGRAM	DELAWARE HOUSING AND MORTGAGE ASSISTANCE PROGRAM	HOMEOWNER ASSISTANCE FUND	HOUSING VOUCHER PROGRAM	SECOND CHANCE ACT/ I-ADAPT HOUSING PROGRAM	SECTION 8 CONTRACT ADMINISTRATION PROGRAM	2017 MAINSTREAM VOUCHER PROGRAM	SECTION 811 PROJECT RENTAL ASSISTANCE DEMONSTRATION PROGRAM	TOTAL FEDERAL PROGRAMS
\$ 5,166,026	\$ -	\$ 499,825	\$ 81,700	\$ 3,088	\$ 868,698	\$ 37,721	\$ 1,328	\$ 14,802,432
340,894	-	4,500,064	-	-	-	-	-	232,148,463
146,210	-	-	-	-	-	-	-	212,725
9,004	-	-	-	-	470,548	-	-	509,066
100,668	-	-	-	-	3,299	-	12,539	189,176
487,024	-	-	-	-	3,471,204	28,097	66,233	4,079,177
6,249,826	-	4,999,889	81,700	3,088	4,813,749	65,818	80,100	251,941,039
1,981,072	-	-	-	-	-	-	-	2,060,534
-	-	-	-	-	-	-	-	7,041,944
-	-	-	-	-	-	-	-	66,544,516
-	-	-	-	-	-	-	-	13,074,343
-	-	-	-	-	-	-	-	-
937,559	-	-	-	-	-	-	-	937,559
4,165,278	-	-	-	-	-	-	-	4,165,278
7,083,909	-	-	-	-	-	-	-	93,824,174
13,333,735	-	4,999,889	81,700	3,088	4,813,749	65,818	80,100	345,765,213
406,572	-	-	-	-	24,881	-	-	6,103,931
266,944	-	4,999,825	81,700	-	-	3,179	-	233,125,676
507	-	-	-	-	-	-	-	1,035
7,026	-	-	-	-	188,666	28,097	-	471,174
11,578	-	-	-	-	-	-	-	11,608
692,627	-	4,999,825	81,700	-	213,547	31,276	-	239,713,424
579,668	-	-	-	50	3,213,841	30,050	80,100	4,004,910
246,900	-	-	-	-	69,113	-	-	408,153
2,018,893	-	-	-	-	-	-	-	9,140,299
2,845,461	-	-	-	50	3,282,954	30,050	80,100	13,553,362
3,538,088	-	4,999,825	81,700	50	3,496,501	61,326	80,100	253,266,786
5,102,837	-	-	-	-	-	-	-	5,102,837
4,692,810	-	64	-	3,038	1,317,248	4,492	-	88,422,678
-	-	-	-	-	-	-	-	(1,027,088)
\$ 9,795,647	\$ -	\$ 64	\$ -	\$ 3,038	\$ 1,317,248	\$ 4,492	\$ -	\$ 92,498,427

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND -
SUBFUNDS OF THE FEDERAL PROGRAMS ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS	FAMILY UNIFICATION PROGRAM	HOME INVESTMENT PARTNERSHIP PROGRAM	HOUSING TRUST FUND	EMERGENCY RENTAL ASSISTANCE PROGRAM	MOVING TO WORK DEMONSTRATION PROGRAM
OPERATING REVENUES						
Interest income on loans	\$ -	\$ -	\$ 1,138,095	\$ 99,459	\$ -	\$ -
Federal housing program grants	4,704,448	390,000	1,531,954	1,986,609	10,745,545	11,886,185
Rental income	-	-	-	-	-	552,125
Miscellaneous	53,132	-	17,482	-	-	554,729
TOTAL OPERATING REVENUES	4,757,580	390,000	2,687,531	2,086,068	10,745,545	12,993,039
OPERATING EXPENSES						
Administrative	345,218	-	569,508	312,972	480,472	3,076,087
Grants and housing assistance payments	4,414,592	417,027	775,765	-	11,294,970	7,722,029
Public housing maintenance & utilities	-	-	-	-	-	1,292,676
Depreciation	-	-	-	-	-	986,115
TOTAL OPERATING EXPENSES	4,759,810	417,027	1,345,273	312,972	11,775,442	13,076,907
OPERATING INCOME/(LOSS)	(2,230)	(27,027)	1,342,258	1,773,096	(1,029,897)	(83,868)
NON-OPERATING INCOME/(EXPENSES)						
Investment income	-	-	663	-	4,700	279
Gain/(Loss) on Disposal of Property	-	-	-	-	-	4,003,493
TOTAL NON-OPERATING INCOME/(EXPENSES)	-	-	663	-	4,700	4,003,772
INCOME/(LOSS) BEFORE CAPITAL GRANTS AND OPERATING TRANSFERS	(2,230)	(27,027)	1,342,921	1,773,096	(1,025,197)	3,919,904
Capital grants and contributions	-	-	-	-	-	332,470
Transfers in	343	-	-	-	-	-
Transfers out	-	-	-	-	-	(5,177,177)
CHANGE IN NET POSITION	(1,887)	(27,027)	1,342,921	1,773,096	(1,025,197)	(924,803)
NET POSITION, BEGINNING	(4)	106,300	75,905,132	3,304,604	-	10,720,450
NET POSITION, ENDING	\$ (1,891)	\$ 79,273	\$ 77,248,053	\$ 5,077,700	\$ (1,025,197)	\$ 9,795,647

DELAWARE HOUSING AND MORTGAGE ASSISTANCE PROGRAM	HOMEOWNER ASSISTANCE FUND	EMERGENCY HOUSING VOUCHER PROGRAM	SECOND CHANCE ACT/ I-ADAPT HOUSING PROGRAM	SECTION 8 CONTRACT ADMINISTRATION	2017 MAINSTREAM VOUCHER PROGRAM	SECTION 811 PROJECT RENTAL ASSISTANCE DEMONSTRATION PROGRAM	TOTAL FEDERAL PROGRAMS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,237,554
13,896,281	175	-	-	44,364,936	40,709	662,769	90,209,611
-	-	-	-	-	-	-	552,125
-	-	-	-	-	-	-	625,343
13,896,281	175	-	-	44,364,936	40,709	662,769	92,624,633
372,510	175	-	-	1,307,295	137	-	6,464,374
15,519,651	-	-	-	42,748,987	244,194	662,945	83,800,160
-	-	-	-	-	-	-	1,292,676
-	-	-	-	-	-	-	986,115
15,892,161	175	-	-	44,056,282	244,331	662,945	92,543,325
(1,995,880)	-	-	-	308,654	(203,622)	(176)	81,308
-	64	-	-	-	-	-	5,706
-	-	-	-	-	-	-	4,003,493
-	64	-	-	-	-	-	4,009,199
(1,995,880)	64	-	-	308,654	(203,622)	(176)	4,090,507
-	-	-	-	-	-	-	332,470
700,000	-	-	-	-	-	-	700,343
(704,120)	-	-	-	-	-	-	(5,881,297)
(2,000,000)	64	-	-	308,654	(203,622)	(176)	(757,977)
2,000,000	-	-	3,038	1,008,594	208,114	176	93,256,404
\$ -	\$ 64	\$ -	\$ 3,038	\$ 1,317,248	\$ 4,492	\$ -	\$ 92,498,427

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF NET POSITION - PROPRIETARY FUND - SUBFUNDS OF THE SINGLE FAMILY PROGRAMS
ENTERPRISE FUND
JUNE 30, 2021

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2018A	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES - NIBP 2010-1 - 2013-1	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 3,810,804	\$ 19,240,575	\$ 5,419,708	\$ 28,471,087
Investments	477,015	4,566,282	26,584,482	31,627,779
Mortgage loan receivable, net	722,565	-	-	722,565
Accrued interest and other receivables	1,021,230	3,647	-	1,024,877
Total current assets	6,031,614	23,810,504	32,004,190	61,846,308
Non-Current Assets:				
Securitized mortgage loans, net	34,133,830	1,252,203	-	35,386,033
Mortgage loan receivable, net	8,399,477	-	-	8,399,477
Accrued interest and other receivables	102,892	-	-	102,892
Total non-current assets	42,636,199	1,252,203	-	43,888,402
TOTAL ASSETS	48,667,813	25,062,707	32,004,190	105,734,710
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on bond refunding	39,894	-	-	39,894
TOTAL DEFERRED OUTFLOW OF RESOURCES	39,894	-	-	39,894
LIABILITIES				
Current Liabilities:				
Accounts payable	5,000	-	1,071	6,071
Interfund payables	366,970	-	5,830	372,800
Accrued interest payable	87,190	269,017	-	356,207
Revenue bonds payable	159,021	335,918	-	494,939
Total current liabilities	618,181	604,935	6,901	1,230,017
Non-Current Liabilities:				
Revenue bonds payable	33,316,455	18,970,000	-	52,286,455
Total non-current liabilities	33,316,455	18,970,000	-	52,286,455
TOTAL LIABILITIES	33,934,636	19,574,935	6,901	53,516,472
DEFERRED INFLOW OF RESOURCES				
Deferred amount on bond refunding	1,839,270	-	-	1,839,270
TOTAL DEFERRED INFLOW OF RESOURCES	1,839,270	-	-	1,839,270
NET POSITION				
Restricted by bond covenants	12,933,801	5,487,772	31,997,289	50,418,862
TOTAL NET POSITION	\$ 12,933,801	\$ 5,487,772	\$ 31,997,289	\$ 50,418,862

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND -
SUBFUNDS OF THE SINGLE FAMILY PROGRAMS ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2018A	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES - NIBP 2010-1 - 2013-1	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
OPERATING REVENUES				
Interest income on loans	\$ 1,778,133	\$ 8,615,878	\$ (747)	\$ 10,393,264
Amortization of deferred revenues	224,658	1,321,725	-	1,546,383
Miscellaneous	6,282	-	263,177	269,459
TOTAL OPERATING REVENUES	2,009,073	9,937,603	262,430	12,209,106
OPERATING EXPENSES				
Interest expense on bonds	1,233,618	1,103,121	-	2,336,739
Administrative	-	146,466	838	147,304
Loan servicing fees	17,260	-	-	17,260
Amortization of deferred expenses	23,236	-	-	23,236
Other expenses	48,363	14,375	-	62,738
TOTAL OPERATING EXPENSES	1,322,477	1,263,962	838	2,587,277
OPERATING INCOME/(LOSS)	686,596	8,673,641	261,592	9,621,829
NON-OPERATING INCOME/(EXPENSES)				
Investment income	1,060	3,328	14,098,126	14,102,514
Change in fair value of investments	(1,058,335)	(5,488,731)	-	(6,547,066)
TOTAL NON-OPERATING INCOME/(EXPENSES)	(1,057,275)	(5,485,403)	14,098,126	7,555,448
INCOME/(LOSS) BEFORE OPERATING TRANSFERS	(370,679)	3,188,238	14,359,718	17,177,277
Transfers in	2,567,635	-	2,489,198	2,909,241
Transfers out	(914,154)	(3,537,983)	(10,555,046)	(12,859,591)
CHANGE IN NET POSITION	1,282,802	(349,745)	6,293,870	7,226,927
NET POSITION, BEGINNING	11,650,999	5,837,517	25,703,419	43,191,935
NET POSITION, ENDING	\$ 12,933,801	\$ 5,487,772	\$ 31,997,289	\$ 50,418,862

* Transfers in and out have been reduced by \$2,147,592 for transfers between Bond Series.

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED JUNE 30, 2021

The details of and changes in the Authority's mortgage revenue bonds during the Year Ended June 30, 2021 are as follows:

Bond Issue	Interest Rate	Final Maturity Date	Bonds Outstanding June 30, 2020	Issued	Matured	Called	Other	Bonds Outstanding June 30, 2021
Single Family Mortgage Revenue Bonds 2011 Series A/B	4.25% - 5.10%	2031	5,131,643	-	-	(1,235,000)	(99,442)	3,797,201
Single Family Mortgage Revenue Bonds 2013 Series A	2.60%	2043	23,398,832	-	-	(5,727,489)	-	17,671,343
Single Family Mortgage Revenue Bonds 2018 Series A	3.48%	2048	16,554,729	-	-	(4,554,617)	-	12,000,112
Single Family Mortgage Revenue Bonds 2010-1 (NIBP)	3.01% - 4.55%	2041	28,399,462	-	-	(27,400,000)	(999,462)	-
Single Family Mortgage Revenue Bonds 2011-2 (NIBP)	1.80% - 4.38%	2041	24,474,603	-	-	(5,090,000)	(71,865)	19,312,738
Single Family Mortgage Revenue Bonds 2013-1 (NIBP)	1.26% - 4.40%	2041	28,920,000	-	-	(28,920,000)	-	-
TOTAL			\$ 126,879,269	\$ -	\$ -	\$ (72,927,106)	\$ (1,170,769)	\$ 52,781,394

The "Other " category totaling \$(1,169,455) represents accretion on capital appreciation bonds , netted by deferred amounts on refunding and bond forgiveness .

Tax exemption - interest on bonds is not includable in gross income for purposes of federal income taxation with the following exceptions:

- Single Family Mortgage Revenue Bonds 2013-1 NIBP (original issue amount of \$58,150,000).
- All SMAL Mortgage Revenue Bonds.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND FINDINGS AND
RECOMMENDATIONS**



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Delaware State Housing Authority
Dover, Delaware

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Delaware State Housing Authority (DSHA), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise DSHA's basic financial statements, and have issued our report thereon dated January 26, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DSHA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DSHA's internal control. Accordingly, we do not express an opinion on the effectiveness of DSHA's internal control.

A *deficiency in internal control* exists when the design, or operation, of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Delaware State Housing Authority
Dover, Delaware

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2021-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DSHA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-002.

DSHA's Response to Finding

DSHA's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. DSHA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Belfint, Lyons & Shuman, P.A.

January 26, 2022
Wilmington, Delaware

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

Reference Number: 2021-001

Type of Finding: Significant Deficiency

Department of Finance - Financial Reporting Close Process

Condition: During our audit work, we noted seven misstatements of the financial statement balances requiring material adjusting journal entries. These adjustments should have been made by the Financial Analysis and Reporting Section during the year-end financial close process but were required as a result of our audit procedures. The material adjusting journal entries increased assets \$718,888, decreased liabilities \$865,628, decreased interfund balances \$1,559,416, increased revenue \$3,023,016 and increased expenses \$2,997,915. These entries were to correctly record capital assets, adjust unrealized gains to actual, adjust interfund balances, record Delaware Sustainable Energy Utility proceeds as debt and other financing sources inflows, and to correctly recognize revenue, expenses and payables associated with undisbursed funds for a federal program.

Criteria: Preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires adequate review and adjustment of the year-end accounting data and financial information used to prepare the DSHA's financial statements.

Cause: While the Financial Analysis and Reporting Section's financial closing procedures captured most of the necessary closing journal entries, the procedures did not detect these unusual and complex entries.

Effect: These material misstatements, discovered by the auditors during the course of fieldwork, required adjustment to the financial statements.

Recommendation: We recommend DSHA enhance its financial closing procedures. As part of the process, the Financial Analysis and Reporting Section should evaluate all post-closing entries and audit adjustments, from the recent fiscal years, to ensure that procedures and controls are in place to properly identify and record similar or related transactions in the future, on a timely basis. All significant or non-routine transactions and adjustments should be subjected to a second level of review. Additionally, reconciliations should be prepared for all significant year end balances.

Views of Responsible Authority Officials and Planned Corrective Actions: See Corrective Action Plan.

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS - CONTINUED

Reference Number: 2021-002

Type of Finding: Material Weakness

Internal Control Over Compliance - United States Emergency Rental Assistance Program

Condition: During the year ended June 30, 2021, DSHA commenced operation of the United States Emergency Rental Assistance Program (ERA) which was funded the by the Consolidated Appropriations Act, 2020 and the American Rescue Plan Act of 2021. DSHA identified potential errors in the processing and payment of assistance of totaling approximately \$1 million that occurred during the year ended June 30, 2021. Additionally, potential errors occurred during the period of July 1, 2021 through September 30, 2021, totaling approximately \$2.2 million.

DSHA's design of procedures over the processing of payments included the following steps, performed by ERA Program Management, which we consider internal control design weaknesses which, together, we consider a material weakness:

- The vendor information for some landlords deemed eligible for receiving rental assistance for eligible renters was manually matched with pre-existing DSHA vendor information in the MITAS accounting system to facilitate the payment of rental assistance. The matching of landlord information to vendor information in the existing DSHA vendor database was not reviewed by DSHA prior to initiating vendor payment, potentially resulting in erroneous payments.
- Vendor profiles were manually imported from the Emergency Rental Assistance Program software to the DSHA's accounting system without the performance of a detailed comparison and review.
- ERA Program management uploaded vendor landlord payments calculated in the Emergency Rental Assistance Program software to the DSHA's accounting system without the performance of a detailed review before disbursement of the funds to verify payments were directed to the correct landlord(s).

Criteria: DSHA management is responsible for establishing and maintaining effective internal control over compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

Cause: Weaknesses in the design of internal controls and processing errors made by DSHA allowed erroneous payments of rental subsidies to be made and not detected.

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS - CONTINUED

Reference Number: 2021-002 - Continued

Effect: DSHA's weaknesses in the design of internal controls over the vendor maintenance and payment processes in the Emergency Rental Assistance Program resulted in processing errors which caused overpayment and underpayment of rental assistance during the year ended June 30, 2021, and the subsequent period. DSHA's internal controls were insufficient for management or employees to identify noncompliance with the provisions of laws, regulations, contracts, and grant agreements relating to the Emergency Rental Assistance Program in a timely manner.

Recommendation: We recommend DSHA complete its analysis of identifying and remediating payment errors that occurred in the ERA program and re-design procedures to address the identified weaknesses in internal control

Views of Responsible Authority Officials and Planned Corrective Actions: See Corrective Action Plan.

**DELAWARE STATE HOUSING AUTHORITY
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN
JUNE 30, 2021**

**Financial Statement Finding 2021-001 - Financial Reporting Close Process
Corrective Action Plan:**

The Financial Analysis and Reporting Section manager is responsible for ensuring all adjusting/closing journal entries are properly recorded. However, due to the turnover of personnel familiar with the unusual and complex nature of accounting for each program, along with addition funding guidelines, there were some non-routine transactions and adjustments that were overlooked during the closing process but got picked up during the financial statement audit.

Going forward, management will implement the auditor's recommendation to review and enhance our financial closing procedures; conduct secondary level reviews which will include consultation with our audit firm, if necessary; and prepare reconciliations for all significant year end balances.

These action plans have been implemented immediately for the 2022 Fiscal Year and will remain in effect going forward.

Responsible Official: Annette Miller, Director of Financial Management

**Financial Statement Finding 2021-002 - Internal Control Over Compliance - United States
Emergency Rental Assistance
Corrective Action Plan:**

DSHA has implemented a Corrective Action Plan which it believes fully addresses the internal control weaknesses identified in connection with the audit finding of a material weakness related to DSHA's operation of the Emergency Rental Assistance ("ERA") program. The Corrective Action Plan is comprised of three key elements:

1. Implementation of a new software system, the Yardi RentRelief system, that fully addresses certain process issues encountered with its existing Allita software application.
2. Implementation of new process workflows and approvals performed by DSHA personnel to ensure proper approval of case applications and payment of approved applications to proper vendors.
3. Engaging an external consultant to analyze, verify and remediate, as required, applications processed in the predecessor Allita software system.

Each of these three elements is further discussed below.

Implementation of Yardi RentRelief System

In August 2021, DSHA implemented a new software application, Yardi RentRelief, to accept and process applications for the ERA program and replace its existing Allita application. DSHA implemented this system as a means to correct and resolve the issues it was experiencing with respect to timely and accurate payment processing. The new system included significant improvements in workflow related to payment processing and account verification, as well as other needed program features.

With the Yardi application, one of the root causes of DSHA's application payment issues was immediately addressed, by eliminating the need to manually upload vendor payment information from its Allita application to DSHA's accounting system for payment. The prior manual upload process resulted in various vendor payment issues and erroneous payments.

The Yardi application is a completely self-contained application, with workflow approvals that span from application submittal and approval to vendor payment. Each week all approved applications are automatically batched and sent to DSHA for approval prior to payment. This workflow has resolved previous issues where payments were not made timely for approved applications.

The Yardi system incorporates significant improvements to payment processing and account verification. As mentioned above, there is no need to transfer or upload data between Yardi and the accounting system to effect payments of approved applications. The Yardi system includes a verification process whereby the vendor ACH information is verified by a "penny test" or small deposit that the user must verify. ACH payments can only be made to accounts that are verified. Once payments are made through Yardi, batch details are imported to MITAS via a custom interface for accounting system transaction reporting.

Implementation of New Process Workflows, Approvals and Verifications by DSHA

Coupled with the new Yardi system implementation, DSHA implemented updated ERA Program Guidelines and new internal policy and process manuals to ensure its internal controls and processes appropriately addressed the compliance requirements of the ERA program and to ensure properly approved applications are paid to proper vendors.

All cases in Approved Status are batched each week by the Yardi system and sent to DSHA for approval. DSHA reviews each of the approved applications within the batch and approves the batch once verified. At that point, requested funds are wired and payments issued by the Yardi system. This process has resolved previous instances of non-payment of approved cases.

DSHA has developed new Case Auditor and Case Supervisor Process Guides and Checklists, which now standardize the processes used to review, verify and approve applications prior to payment. The Yardi case management workflow requires separate Case Auditor and Case Supervisor verification of program requirements and payments prior to approval and payment of an application.

Remediation of Prior Case Applications Processed in Allita

DSHA has engaged a third-party external consultant to assist it in ensuring that the applications processed in the Allita system resulted in payments to appropriate vendors for proper, compliant applications. The objective of this assessment is to identify any applications processed within Allita that resulted in either over or under payment to the vendor recipient. Once identified, these over and/or under payments will be remediated.

These action plans have been implemented beginning August 2021 for the 2022 Fiscal Year and will remain in effect going forward.

Responsible Official: Marlena Gibson, Director of Policy and Planning

DELAWARE STATE HOUSING AUTHORITY
 SUPPLEMENTAL STATEMENT OF PUBLIC HOUSING ACTUAL MODERNIZATION CAPITAL FUND
 GRANT COSTS
 AS OF JUNE 30, 2021

ANNUAL CONTRIBUTIONS CONTRACT P-4520

	PROJECT NUMBER		
	DE26-P004- 50118	DE26-P004- 50119	TOTAL
Funds advanced	\$ 932,463	\$ 819,210	\$ 1,751,673
Management improvements	23,367	406,297	429,664
Site improvements	292,266	58,029	350,295
Administration	616,830	354,884	971,714
Funds expensed	932,463	819,210	1,751,673
Excess (deficiency) of funds advanced	\$ -	\$ -	\$ -

DELAWARE STATE HOUSING AUTHORITY

**NOTES TO SUPPLEMENTAL STATEMENT OF PUBLIC HOUSING ACTUAL MODERNIZATION
CAPITAL FUND GRANT COSTS**

ANNUAL CONTRIBUTIONS CONTRACT

HUD regulations prescribe the accounting principles and financial reporting requirements to be followed by the Authority in the preparation of supplement schedules prepared under the annual contributions contracts.

Statistical Section

**DELAWARE STATE HOUSING AUTHORITY
STATISTICAL SECTION
(Unaudited)**

This part of the Delaware State Housing Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplemental information says about the Authority's overall financial health.

Index	Page
Financial Trends These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	115-119
Revenue Capacity These schedules contain information to help the reader assess the Authority's most significant revenue source, interest income on mortgages receivable.	120-121
Debt Capacity These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.	122-124
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	125-126
Operating Information These schedules contain services and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provided and the services it performs.	127-129

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.



**Delaware State Housing Authority
Financial Trends Information
Net Position by Component
Last Ten Fiscal Years**

	2012*	2013*	2014	2015	2016	2017**	2018	2019	2020	2021
Governmental activities										
Invested in capital assets	\$ 1,983,045	\$ 1,872,592	\$ 1,763,891	\$ 1,366,731	\$ 1,258,030	\$ 1,149,328	\$ 1,203,934	\$ 1,098,484	\$ 1,720,849	\$ 2,693,416
Restricted by federal and state regulations	219,709,355	242,589,042	256,990,349	276,502,639	296,297,300	299,560,858	312,030,768	322,991,442	342,635,792	350,843,761
Restricted for Authority Loan Program	6,345,377	11,338,175	11,110,864	5,241,125	4,713,758	44,720,116	38,180,523	72,544,415	57,265,641	27,678,344
Unrestricted, for Authority's purposes	39,146,822	30,226,926	29,106,074	35,244,454	34,379,912	16,383,146	14,899,769	15,594,188	29,581,854	80,583,818
Total governmental activities net position	<u>\$ 267,184,599</u>	<u>\$ 286,026,735</u>	<u>\$ 298,971,178</u>	<u>\$ 318,354,949</u>	<u>\$ 336,649,000</u>	<u>\$ 361,813,448</u>	<u>\$ 366,314,994</u>	<u>\$ 412,228,529</u>	<u>\$ 431,204,136</u>	<u>\$ 461,799,339</u>
Business-type activities										
Invested in capital assets	\$ 17,407,356	\$ 16,612,189	\$ 15,297,862	\$ 14,180,860	\$ 13,377,242	\$ 12,123,372	\$ 8,499,337	\$ 7,594,602	\$ 7,207,279	\$ 5,102,837
Restricted by federal and state regulations	59,666,348	62,242,775	66,226,063	69,456,041	73,654,104	74,469,961	76,026,998	79,198,513	86,049,126	88,422,678
Restricted by bond covenants	72,465,047	46,707,029	51,724,585	53,207,589	57,705,804	53,484,174	44,437,080	34,260,410	43,191,935	50,418,862
Unrestricted, for Authority's purposes	-	-	-	-	-	-	-	-	-	(1,027,088)
Total business-type activities net position	<u>\$ 149,538,751</u>	<u>\$ 125,561,993</u>	<u>\$ 133,248,510</u>	<u>\$ 136,844,490</u>	<u>\$ 144,737,150</u>	<u>\$ 140,077,507</u>	<u>\$ 128,963,415</u>	<u>\$ 121,053,525</u>	<u>\$ 136,448,340</u>	<u>\$ 142,917,289</u>
Entity-wide										
Invested in capital assets	\$ 19,390,401	\$ 18,484,781	\$ 17,061,753	\$ 15,547,591	\$ 14,635,272	\$ 13,272,700	\$ 9,703,271	\$ 8,693,086	\$ 8,928,128	\$ 7,796,253
Restricted by federal and state regulations	279,375,703	304,831,817	323,216,412	345,958,680	369,951,404	374,030,819	388,057,766	402,189,955	428,684,918	439,266,439
Restricted by bond covenants	72,465,047	46,707,029	51,724,585	53,207,589	57,705,804	53,484,174	44,437,080	34,260,410	43,191,935	50,418,862
Restricted for Authority Loan Program	6,345,377	11,338,175	11,110,864	5,241,125	4,713,758	44,720,116	38,180,523	72,544,415	57,265,641	27,678,344
Unrestricted, for Authority's purposes	39,146,822	30,226,926	29,106,074	35,244,454	34,379,912	16,383,146	14,899,769	15,594,188	29,581,854	79,556,730
Total entity-wide net position	<u>\$ 416,723,350</u>	<u>\$ 411,588,728</u>	<u>\$ 432,219,688</u>	<u>\$ 455,199,439</u>	<u>\$ 481,386,150</u>	<u>\$ 501,890,955</u>	<u>\$ 495,278,409</u>	<u>\$ 533,282,054</u>	<u>\$ 567,652,476</u>	<u>\$ 604,716,628</u>

* In prior years, securitized mortgage loans were carried at current principal amounts and included with mortgage loans receivable, which did not constitute fair value in accordance with GASB No. 31. Beginning in Fiscal Year 2013, the Authority reported securitized mortgage loans at fair value and balances for Fiscal Years 2011 and 2012 have been restated to reflect this change.

** The Authority implemented GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," during Fiscal Year 2018. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). Fund balances for Fiscal Year 2017 have been restated to reflect these categories.

Delaware State Housing Authority
Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years

	2012*	2013*	2014	2015	2016	2017**	2018	2019	2020	2021
Expenses										
Governmental activities:										
Administrative	\$ 5,414,215	\$ 5,056,455	\$ 5,071,861	\$ 4,776,262	\$ 5,000,961	\$ 5,316,364	\$ 5,438,058	\$ 4,353,427	\$ 4,562,047	\$ 4,507,179
Affordable rental housing	2,368,547	3,979,630	5,226,568	9,176,783	8,651,108	10,212,616	11,158,589	10,053,889	14,028,328	12,430,622
Community rehabilitation				360,165	2,418,857	3,936,342	6,610,951	4,316,312	7,201,234	3,746,535
Home ownership	374,899	1,842,008	1,960,558	2,934,677	1,627,637	3,472,145	3,209,735	2,592,994	2,014,791	1,363,329
Housing rehabilitation	430,567	18,473	49,259	138,598	16,473	65,128	393,767	98,911	23,114	15,040
Total governmental activities expenses	\$ 8,588,228	\$ 10,896,566	\$ 12,308,246	\$ 17,386,485	\$ 17,715,036	23,002,595	26,811,100	21,415,533	27,829,514	22,062,705
Business-type activities:										
Affordable rental housing	53,349,015	50,878,183	51,523,848	51,847,187	52,488,557	56,793,428	59,690,280	58,061,235	61,269,446	87,783,516
Community rehabilitation	10,879,989	7,339,036	4,611,321	3,850,871	3,149,733	3,332,987	2,607,042	2,516,189	1,971,268	4,759,810
Home ownership	51,056,770	35,446,444	24,295,925	20,066,800	16,968,536	13,209,188	10,341,553	7,535,982	4,486,909	2,587,277
Total business-type activities expenses	115,285,774	93,663,663	80,431,094	75,764,858	72,606,826	73,335,603	72,638,875	68,113,406	67,727,623	95,130,603
Total entity-wide expenses	\$123,874,002	\$ 104,560,229	\$ 92,739,340	\$ 93,151,343	\$ 90,321,862	\$ 96,338,198	\$ 99,449,975	\$ 89,528,939	\$ 95,557,137	\$ 117,193,308
Program Revenues										
Governmental activities:										
Charges for services										
Administrative	\$ 1,329,981	\$ 1,301,917	\$ 948,410	\$ 2,091,887	\$ 1,599,871	\$ 1,916,786	\$ 2,708,294	\$ 4,105,227	\$ 1,807,241	\$ 4,628,937
Affordable rental housing	4,273,709	4,177,318	4,615,235	4,312,379	4,445,677	4,747,453	5,091,215	4,714,788	4,896,142	4,994,674
Community rehabilitation	-	-	-	-	-	-	5,565	-	17,601	-
Home ownership	1,651,167	2,101,942	2,100,050	2,171,178	2,405,839	2,751,574	3,935,497	5,198,728	4,065,520	3,713,346
Housing rehabilitation	95,047	65,273	74,111	65,552	59,994	40,533	50,263	45,278	28,144	34,760
Operating grants and contributions	20,355,600	21,807,818	14,196,000	24,742,600	24,161,755	35,190,800	24,870,895	28,859,405	28,313,000	23,884,900
Total governmental activities program revenues	27,705,504	29,454,268	21,933,806	33,383,596	32,673,136	44,647,146	36,661,729	42,923,426	39,127,648	37,256,617
Business-type activities:										
Charges for services										
Affordable rental housing	2,192,653	2,242,161	2,489,145	2,407,122	2,580,849	2,731,371	2,592,937	2,625,704	2,645,114	2,361,890
Community rehabilitation	583	469	-	11,083	-	904	12,216	27,048	14,196	53,132
Home ownership	44,121,911	39,856,139	29,825,683	25,039,750	21,063,337	17,198,910	11,449,328	8,410,745	6,109,759	12,209,106
Operating grants and contributions	66,174,454	58,154,831	56,208,932	55,135,693	55,897,492	56,675,462	57,519,387	59,712,344	63,407,690	90,209,611
Capital grants and contributions	1,132,894	878,292	493,015	524,534	773,550	447,124	1,050,397	526,499	1,625,608	332,470
Total business-type activities program revenues	113,622,495	101,131,892	89,016,775	83,118,182	80,315,228	77,053,771	72,624,265	71,302,340	73,802,367	105,166,209
Total entity-wide revenues	\$141,327,999	\$ 130,586,160	\$ 110,950,581	\$ 116,501,778	\$ 112,988,364	\$ 121,700,917	\$ 109,285,994	\$ 114,225,766	\$ 112,930,015	\$ 142,422,826

Net (Expenses)/Revenue										
Governmental activities	\$ 19,117,276	\$ 18,557,702	\$ 9,625,560	\$ 15,997,111	\$ 14,958,100	\$ 21,644,551	\$ 9,850,629	\$ 21,507,893	\$ 11,298,134	\$ 15,193,912
Business-type activities	(1,663,279)	7,468,229	8,585,681	7,353,324	7,708,402	3,718,168	(14,610)	3,188,934	6,074,744	10,035,606
Total entity-wide net (expense)/revenue	\$ 17,453,997	\$ 26,025,931	\$ 18,211,241	\$ 23,350,435	\$ 22,666,502	\$ 25,362,719	\$ 9,836,019	\$ 24,696,827	\$ 17,372,878	\$ 25,229,518
General Revenues and Other Changes in Net Position										
Governmental activities:										
Investment income, gains/(losses) on investments, and miscellaneous earnings	\$ 778,709	\$ 98,871	\$ 232,531	\$ 1,280,125	\$ 582,728	\$ 248,583	\$ (458,071)	\$ 3,244,739	\$ 2,498,330	\$ 269,987
Transfers	16,093,665	185,563	3,546,765	2,106,535	2,753,223	3,271,313	9,163,797	21,160,903	5,179,143	15,131,304
Total governmental activities	16,872,374	284,434	3,779,296	3,386,660	3,335,951	3,519,896	8,705,726	24,405,642	7,677,473	15,401,291
Business-type activities:										
Investment income, gains/(losses) on investments, and miscellaneous earnings	19,048,649	(31,259,424)	2,647,601	(1,650,809)	2,937,481	(5,106,498)	(1,088,210)	10,056,328	14,499,214	7,561,154
Gain/(Loss) on Disposal of Property	-	-	-	-	-	-	(847,475)	5,751	-	4,003,493
Transfers	(16,093,665)	(185,563)	(3,546,765)	(2,106,535)	(2,753,223)	(3,271,313)	(9,163,797)	(21,160,903)	(5,179,143)	(15,131,304)
Total business-type activities	2,954,984	(31,444,987)	(899,164)	(3,757,344)	184,258	(8,377,811)	(11,099,482)	(11,098,824)	9,320,071	(3,566,657)
Total entity-wide	\$ 19,827,358	\$ (31,160,553)	\$ 2,880,132	\$ (370,684)	\$ 3,520,209	\$ (4,857,915)	\$ (2,393,756)	\$ 13,306,818	\$ 16,997,544	\$ 11,834,634
Change in Net Position										
Governmental activities	\$ 35,989,650	\$ 18,842,136	\$ 13,404,856	\$ 19,383,771	\$ 18,294,051	\$ 25,164,447	\$ 18,556,355	\$ 45,913,535	\$ 18,975,607	\$ 30,595,203
Business-type activities	1,291,705	(23,976,758)	7,686,517	3,595,980	7,892,660	(4,659,643)	(11,114,092)	(7,909,890)	15,394,815	6,468,949
Total entity-wide	\$ 37,281,355	\$ (5,134,622)	\$ 21,091,373	\$ 22,979,751	\$ 26,186,711	\$ 20,504,804	\$ 7,442,263	\$ 38,003,645	\$ 34,370,422	\$ 37,064,152

* In prior years, securitized mortgage loans were carried at current principal amounts and included with mortgage loans receivable, which did not constitute fair value in accordance with GASB No. 31. Beginning in Fiscal Year 2013, the Authority reported securitized mortgage loans at fair value and balances for Fiscal Years 2011 and 2012 have been restated to reflect this change.

** The Authority implemented GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," during Fiscal Year 2018. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). Fund balances for Fiscal Year 2017 have been restated to reflect these categories.

Delaware State Housing Authority
 Financial Trends Information
 Fund Balances of Governmental Funds
 Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017**	2018	2019	2020	2021
General Fund										
Nondisposable	\$ 10,842,912	\$ 15,372,962	\$ 12,716,083	\$ 15,441,784	\$ 16,724,248	\$ 8,802,261	\$ 13,635,828	\$ 29,906,533	\$ 43,635,736	\$ 51,940,683
Committed	35,223,103	26,802,879	28,565,682	26,103,229	23,248,447	31,574,109	30,735,553	42,934,663	37,641,471	43,018,958
Assigned	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 46,066,015	\$ 42,175,841	\$ 41,281,765	\$ 41,545,013	\$ 39,972,695	\$ 40,376,370	\$ 44,371,381	\$ 72,841,196	\$ 81,277,207	\$ 94,959,641
All Other Governmental Funds										
Restricted	\$ 189,733,750	\$ 218,280,469	\$ 240,728,105	\$ 245,063,914	\$ 275,871,013	\$ 299,529,073	\$ 314,336,165	\$ 322,991,441	\$ 342,613,482	\$ 350,824,118
Committed	24,426,270	19,959,876	11,890,862	28,842,035	17,877,495	21,067,994	22,072,657	29,609,752	19,624,170	27,676,344
Assigned	5,549,335	4,348,697	4,371,382	2,596,690	2,548,792	1,310,739	162,478	45,877	22,310	19,643
Total All Other Governmental Funds	\$ 219,709,355	\$ 242,589,042	\$ 256,990,349	\$ 276,502,639	\$ 296,297,300	\$ 321,907,806	\$ 336,571,300	\$ 352,647,070	\$ 362,259,962	\$ 378,520,105
Total Fund Balances of Governmental Funds	\$ 265,775,370	\$ 284,764,883	\$ 298,272,114	\$ 318,047,652	\$ 336,269,995	\$ 362,284,176	\$ 380,942,681	\$ 425,488,266	\$ 443,537,169	\$ 473,479,746

Delaware State Housing Authority
Financial Trends Information
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Interest income on investments	\$ 355,316	\$ 304,668	\$ 211,287	\$ 335,398	\$ 390,293	\$ 617,390	\$ 805,512	\$ 2,736,084	\$ 2,313,083	\$ 925,187
Interest income on loans	4,440,268	4,543,834	4,647,044	4,451,968	4,634,459	4,835,898	5,167,462	5,557,068	5,684,091	6,546,596
Grants	170,000	748,895	26,000	30,000	136,755	1,523,000	250,895	98,000	43,000	134,000
Payments from primary government	20,185,600	a 21,058,923	14,170,000	24,712,600	24,025,000	33,667,800	24,620,000	28,761,405	28,270,000	23,750,900
Gains/(losses) on investments	423,393	(205,797)	21,244	37,326	192,435	(368,806)	(458,071)	972,317	605,606	(655,200)
Fees	2,343,885	2,361,834	2,047,249	3,097,876	2,667,995	3,166,073	3,518,779	4,241,234	3,702,337	3,796,976
Other revenues	565,751	740,782	1,043,513	1,091,152	1,208,927	1,454,375	2,299,082	2,781,704	1,637,861	3,028,145
Total revenues	28,484,213	29,553,139	22,166,337	33,756,320	33,255,864	44,895,730	36,203,659	45,147,812	42,255,978	37,526,604
Expenditures										
Administrative	5,364,239	4,909,078	5,044,362	4,672,955	5,072,669	4,466,631	5,547,270	5,488,527	6,209,228	5,945,187
Affordable rental housing	2,368,547	3,979,630	5,226,569	9,176,783	8,651,108	10,212,616	11,158,588	10,137,636	14,028,328	12,430,622
Community rehabilitation	-	-	-	360,165	2,418,857	3,936,342	6,610,951	4,316,313	7,201,234	3,746,534
Home ownership	374,899	1,842,008	1,885,681	2,934,677	1,627,637	3,472,145	2,998,373	1,805,492	1,198,572	520,692
Housing rehabilitation	430,567	18,473	49,259	138,598	16,473	65,128	393,769	15,162	23,116	15,040
Debt service	-	-	-	-	-	-	-	-	-	-
Capital outlay	239,588	-	-	-	-	-	-	-	725,740	991,987
Total expenditures	8,777,840	10,749,189	12,205,871	17,283,178	17,786,744	22,152,862	26,708,951	21,763,130	29,386,218	23,650,062
Excess/(deficiency) of revenues over expenditures	19,706,373	18,803,950	9,960,466	16,473,142	15,469,120	22,742,868	9,494,708	23,384,682	12,869,760	13,876,542
Other financing sources (uses)										
Debt Proceeds	-	-	-	-	-	-	-	-	-	1,000,000
Transfers in	32,584,954	b 3,780,268	b 6,060,707	4,248,034	4,798,744	3,996,313	10,663,797	30,676,255	15,403,845	19,890,988
Transfers out	(16,491,289)	(3,594,705)	(2,513,942)	(2,141,499)	(2,045,521)	(725,000)	(1,500,000)	(9,515,352)	(10,224,702)	(4,822,953)
Face amount of debt issued	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital asset	-	-	-	1,195,861	-	-	-	-	-	-
Total other financing sources (uses)	16,093,665	185,563	3,546,765	3,302,396	2,753,223	3,271,313	9,163,797	21,160,903	5,179,143	16,068,035
Net change in fund balances	\$ 35,800,038	\$ 18,989,513	\$ 13,507,231	\$ 19,775,538	\$ 18,222,343	\$ 26,014,181	\$ 18,658,505	\$ 44,545,585	\$ 18,048,903	\$ 29,944,577
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Explanations of material transactions occurring in a single year that affect trends:

- a Significant increase in payments from primary government for fiscal year 2012 in the Housing Development Fund - Affordable Rental Housing Program.
- b Significant cash and non-cash transfers from Multi-Family programs to the General Fund in the form of surplus cash, mortgages loans receivable, and escrow balances upon the call of all remaining Multi-Family bonds outstanding during the fiscal year.

Delaware State Housing Authority
Revenue Capacity Information
Significant "Own-Source" Revenue Base - Securitized Mortgage Loans and Mortgage Loans Receivable
Last Ten Years

	Securitized Mortgage Loans and Mortgage Loans Receivable, Net, at Fiscal Year Ended June 30									
	2012*	2013*	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Affordable rental housing	\$ 121,500,466	\$ 138,414,563	\$ 139,333,202	\$ 137,146,876	\$ 148,529,349	\$ 152,834,768	\$ 155,387,929	\$ 159,424,489	\$ 178,093,620	\$ 176,836,579
Home ownership	19,197,971	17,241,613	20,987,502	24,193,520	26,641,247	28,860,335	35,454,191	51,493,757	55,777,022	59,461,143
Housing rehabilitation	4,107,288	3,839,617	3,768,470	3,405,897	3,201,799	2,844,553	2,273,207	1,919,890	1,832,631	1,648,356
Total governmental activities	144,805,725	159,495,793	164,089,174	164,746,293	178,372,395	184,539,656	193,115,327	212,838,136	235,703,273	237,946,078
Business-type activities:										
Affordable rental housing	48,227,207	49,838,066	52,089,016	53,960,713	57,135,334	57,678,033	59,432,932	59,944,931	65,390,893	66,544,516
Home ownership	846,208,567	655,669,965	513,229,765	417,833,862	340,881,078	268,276,337	211,046,066	167,128,177	144,678,941	44,508,075
Total business-type activities	894,435,774	705,508,031	565,318,781	471,794,575	398,016,412	325,954,370	270,478,998	227,073,108	210,069,834	111,052,591
Total entity-wide	\$ 1,039,241,499	\$ 865,003,824	\$ 729,407,955	\$ 636,540,868	\$ 576,388,807	\$ 510,494,026	\$ 463,594,325	\$ 439,911,244	\$ 445,773,107	\$ 348,998,669
Total interest income on loans	\$ 46,925,440	\$ 39,461,974	\$ 31,203,250	\$ 27,220,877	\$ 24,312,066	\$ 20,778,818	\$ 16,785,971	\$ 14,597,092	\$ 12,419,543	\$ 18,177,414
Average rate of return for year	4.52%	4.56%	4.28%	4.28%	4.22%	4.07%	3.62%	3.32%	2.79%	5.21%

* In prior years, securitized mortgage loans were carried at current principal amounts and included with mortgage loans receivable, which did not constitute fair value in accordance with GASB No. 31. Beginning in Fiscal Year 2013, the Authority reported securitized mortgage loans at fair value and balances for Fiscal Years 2011 and 2012 have been restated to reflect this change.

Delaware State Housing Authority
Revenue Capacity Information
Significant "Own-Source" Revenue Rates - Interest Income on Loans
Last Ten Years

	2012*	2013*	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Affordable rental housing	2.44%	2.49%	2.60%	2.42%	2.33%	2.34%	2.27%	2.28%	2.10%	2.41%
Home ownership	7.32%	5.99%	4.63%	4.43%	4.23%	4.21%	4.55%	3.67%	3.40%	3.31%
Housing rehabilitation	1.72%	1.70%	1.57%	1.65%	1.52%	1.42%	1.46%	1.36%	1.16%	1.10%
Business-type activities:										
Affordable rental housing	2.93%	2.46%	2.45%	2.33%	2.23%	2.17%	2.08%	2.12%	1.72%	1.86%
Home ownership	4.85%	5.14%	4.93%	5.15%	5.40%	5.48%	4.92%	4.65%	3.88%	23.35%
Average rate of return for year	4.52%	4.56%	4.28%	4.28%	4.22%	4.07%	3.62%	3.32%	2.78%	5.13%

* In prior years, securitized mortgage loans were carried at current principal amounts and included with mortgage loans receivable, which did not constitute fair value in accordance with GASB No. 31. Beginning in Fiscal Year 2013, the Authority reported securitized mortgage loans at fair value and balances for Fiscal Year 2012 have been restated to reflect this change.

**Delaware State Housing Authority
Debt Capacity Information
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

	2012*	2013*	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Total governmental activities	-	-	-	-	-	-	-	-	-	1,000,000
Business-type activities:										
Revenue bonds payable	812,110,380	639,186,914	483,725,337	386,695,139	305,335,222	237,910,532	188,338,148	152,630,027	126,879,268	52,781,394
Notes payable	15,954,842	378,130	-	-	-	-	-	-	-	-
Total business-type activities	828,065,222	639,565,044	483,725,337	386,695,139	305,335,222	237,910,532	188,338,148	152,630,027	126,879,268	52,781,394
Total entity-wide	\$ 828,065,222	\$ 639,565,044	\$ 483,725,337	\$ 386,695,139	\$ 305,335,222	\$ 237,910,532	\$ 188,338,148	\$ 152,630,027	\$ 126,879,268	\$ 53,781,394
Entity-wide										
Investments	\$ 151,463,055	\$ 104,750,918	\$ 112,887,216	\$ 135,431,713	\$ 139,392,340	\$ 159,224,576	\$ 147,301,599	\$ 189,677,211	\$ 208,492,300	\$ 458,718,948
Securitized mortgage loans	795,963,134	606,955,334	469,324,676	379,201,847	306,589,795	239,255,735	190,606,287	161,144,042	140,862,442	41,456,392
Mortgage loans receivable, net	243,278,365	258,048,490	260,083,279	257,339,021	269,799,012	271,238,291	272,988,038	278,768,202	304,910,665	307,572,277
Total investments, securitized mortgage loans, and mortgage loans receivable balances	\$ 1,190,704,554	\$ 969,754,742	\$ 842,295,171	\$ 771,972,581	\$ 715,781,147	\$ 669,718,602	\$ 610,895,924	\$ 629,589,455	\$ 654,265,407	\$ 807,747,617
Debt as a percentage of investments, securitized mortgage loans, and mortgage loans receivable	69.54%	65.95%	57.43%	50.09%	42.66%	35.52%	30.83%	24.24%	19.39%	6.66%

Note: Details regarding the Authority's outstanding debt can be found in Note IV., F. to the current financial statements.

* In prior years, securitized mortgage loans were carried at current principal amounts and included with mortgage loans receivable, which did not constitute fair value in accordance with GASB No. 31. Beginning in Fiscal Year 2013, the Authority reported securitized mortgage loans at fair value and balances for Fiscal Years 2011 and 2012 have been restated to reflect this change.

Delaware State Housing Authority
Debt Capacity Information
Pledged Revenue Coverage
Last Ten Fiscal Years

Single Family Bond Program						
Fiscal Year	Gross Revenue and Other Sources of Debt Service*	Less: Expenses**	Net Available Revenue	Debt Service***		Coverage
				Principal	Interest	
2012	356,050,104	370,345	355,679,759	228,230,398	37,999,166	1.34
2013	313,032,411	310,850	312,721,561	273,841,499	32,161,407	1.02
2014	175,809,087	258,845	175,550,242	151,353,842	22,557,472	1.01
2015	112,604,320	263,907	112,340,413	94,018,447	17,098,608	1.01
2016	93,562,807	294,955	93,267,852	78,992,020	13,137,657	1.01
2017	75,861,652	213,768	75,647,884	63,162,093	10,218,697	1.03
2018	60,893,264	150,000	60,743,264	48,547,669	7,470,829	1.08
2019	68,404,072	89,160	68,314,912	53,584,261	5,679,454	1.15
2020	35,894,773	59,154	35,835,619	25,444,683	4,387,819	1.20
2021	108,057,359	192,945	107,864,414	74,097,875	809,765	1.44

Second Mortgage Loan Assistance (SMAL) Bond Program						
Fiscal Year	Gross Revenue and Other Sources of Debt Service*	Less: Expenses**	Net Available Revenue	Debt Service***		Coverage
				Principal	Interest	
2012	108,081	10,655	97,426	84,841	-	1.15
2013	1,600,788	10,000	1,590,788	1,592,059	-	1.00
2014	152,118	8,000	144,118	146,782	-	0.98
2015	46,947	-	46,947	54,517	-	0.86
2016	79,806	-	79,806	44,367	-	1.80
2017	1,407,150	110	1,407,040	1,533,426	-	0.92
2018	3,271	105	3,166	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-

Multi Family Bond Program						
Fiscal Year	Gross Revenue and Other Sources of Debt Service*	Less: Expenses**	Net Available Revenue	Debt Service***		Coverage
				Principal	Interest	
2012	4,308,492	122,922	4,185,570	3,790,000	76,600	1.08
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-

* "Other sources of debt service" include mortgage principal repayment, mortgage insurance claims received, bond issue proceeds designated for refunding, unused bond proceeds, excess reserves, and proceeds from the sale of securitized mortgage loans.

** Expenses do not include interest or amortization expenses.

*** Details regarding the Authority's outstanding debt can be found in Note IV.,F. to the current financial statements.

Delaware State Housing Authority
Debt Capacity Information
Legal Debt Margin Computation Information

There is no aggregate limit to the amount of bonds and other evidences of indebtedness that may be outstanding at any one time for the Delaware State Housing Authority. There is a private activity bond volume cap limitation for the amount of bonds issued by the Authority. The following table sets forth the Authority's legal debt margin computation information.

2017 Allocation	76,327,500	
Add: Additional Allocation	228,987,500	
Less: H. Fletcher Brown*	(9,375,000)	
Less: Liberty Court*	(10,127,988)	
Less: Chelten**	(12,800,178)	
Less: MCC Allocation 2020	<u>(273,011,834)</u>	
Net Remaining 2017 Allocation		-
2018 Allocation	77,677,500	
Add: Additional Allocation	<u>233,032,500</u>	
Net Remaining 2018 Allocation		310,710,000
2019 Allocation	79,185,000	
Add: Additional Allocation	<u>237,560,000</u>	
Net Remaining 2019 Allocation		316,745,000
2020 Allocation	80,442,500	
Add: Additional Allocation	241,332,500	
Less: McLane, Peach, Holly Square (MPH)***	<u>(12,240,708)</u>	
Net Remaining 2020 Allocation		309,534,292
2021 Allocation	81,247,500	
Net Remaining 2021 Allocation		81,247,500
Total Available Allocation		<u>\$ 1,018,236,792</u>

*H. Fletcher Brown and Liberty Court were conduit bond issues during fiscal year 2017 that used the 2017 Allocation.

**Chelten was a conduit bond issue during fiscal year 2018 that used the 2017 Allocation.

***MPH was a conduit bond issue during fiscal year 2021

Source: Delaware State Housing Authority, Administration Section

Delaware State Housing Authority
Demographic and Economic Information
Employment by Industry Sectors
Most Recent Year Data and Nine Years Ago

Sector	Calendar Year 2020			Calendar Year 2011		
	Employees	Rank	Percentage of of Total Employment	Employees	Rank	Percentage of of Total Employment
Healthcare and social services	70,137	1	16.41%	57,639	1	14.36%
Retail trade	47,874	2	11.20%	50,597	2	12.60%
Finance, insurance, and real estate	47,379	3	11.08%	42,492	4	10.58%
Accommodation, entertainment, and food services	41,296	4	9.66%	43,036	3	10.72%
Professional, management, and technical services	33,796	5	7.90%	34,047	5	8.48%
State government	29,392	6	6.87%	28,995	6	7.22%
Administrative and waste services	28,057	7	6.56%	21,856	9	5.44%
Local government	27,064	8	6.33%	25,629	8	6.38%
Manufacturing	25,536	9	5.97%	25,655	7	6.39%
Construction	22,415	10	5.24%	19,296	10	4.81%
Transportation, communications, and utilities	21,295	11	4.98%	14,538	12	3.62%
Educational and other services	15,111	12	3.53%	17,503	11	4.36%
Wholesale trade	10,840	13	2.54%	12,949	13	3.23%
Federal government	6,018	14	1.41%	5,814	14	1.45%
Agriculture, forestry, and mining	1,320	15	0.31%	1,453	15	0.36%
Totals	427,530		100.00%	401,499		100.00%

Source: State of Delaware, Department of Labor

Notice: The U. S. Department of Labor, Employment & Training Administration has informed the Delaware Department of Labor that pursuant to 20 CFR (Code of Federal Regulations) Part 603, information regarding principal employers is confidential and may not be disclosed to the public. Therefore, DSHA reports employment by industry sectors within the State of Delaware in place of principal employers.

**Delaware State Housing Authority
Demographic and Economic Information
Demographic and Economic Statistics
Last Ten Calendar Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
State of Delaware										
Population	907,924	916,993	925,395	934,948	944,076	952,065	961,939	967,171	973,764	986,809
Personal income (thousands of dollars)	39,687,435	39,953,950	40,565,882	42,175,123	44,438,426	45,574,410	47,782,056	50,783,109	53,055,306	55,357,375
Per capita personal income (dollars)	43,712	43,571	43,836	45,110	47,071	47,869	49,673	52,507	54,485	56,097
Unemployment rate	7.1%	7.3%	6.2%	5.1%	4.6%	4.3%	4.5%	3.8%	4.0%	5.3%
Poverty rate	11.0%	11.2%	11.5%	12.5%	12.4%	11.7%	13.6%	12.5%	11.3%	10.9%
Median home value (dollars)	236,900	226,900	226,200	235,800	232,900	231,500	233,100	238,600	244,700	251,100
Kent County										
Population	165,258	167,605	169,457	171,949	173,533	174,827	176,824	178,500	180,786	183,643
Personal income (thousands of dollars)	5,816,329	5,914,648	6,066,477	6,311,262	6,508,538	6,730,431	7,126,715	7,503,142	7,791,288	8,557,697
Per capita personal income (dollars)	35,195	35,289	35,800	36,704	37,506	38,498	40,304	42,023	43,097	46,600
Unemployment rate	7.3%	7.3%	6.1%	4.9%	4.4%	4.0%	4.2%	3.2%	3.7%	5.2%
Poverty rate	12.5%	12.4%	12.4%	13.5%	14.1%	14.2%	13.6%	13.2%	13.8%	13.0%
Median home value (dollars)	200,200	197,500	192,800	199,500	200,200	200,500	199,800	205,800	213,900	220,600
New Castle County										
Population	542,308	546,041	549,521	552,271	555,167	556,987	559,793	559,335	558,753	561,531
Personal income (thousands of dollars)	26,164,489	25,854,909	25,779,767	26,670,043	27,964,201	28,425,526	29,992,261	31,739,233	33,064,369	33,666,443
Per capita personal income (dollars)	48,247	47,350	46,913	48,292	50,371	51,034	53,577	56,745	59,175	59,955
Unemployment rate	6.3%	6.5%	5.3%	4.2%	3.9%	3.6%	3.8%	2.8%	3.3%	4.9%
Poverty rate	10.3%	10.7%	10.7%	11.9%	12.3%	12.1%	11.3%	13.4%	11.6%	10.1%
Median home value (dollars)	244,600	236,400	241,700	246,300	243,400	242,400	244,300	248,100	254,500	260,800
Sussex County										
Population	200,358	203,347	206,417	210,728	215,376	220,251	225,322	229,286	234,225	241,635
Personal income (thousands of dollars)	7,706,617	8,184,393	8,719,638	9,193,818	9,965,687	10,418,453	10,663,080	11,540,734	12,199,649	13,133,235
Per capita personal income (dollars)	38,464	40,248	42,243	43,629	46,271	47,303	47,324	50,333	52,085	54,352
Unemployment rate	7.7%	7.7%	6.5%	5.4%	4.7%	4.4%	4.7%	3.6%	4.0%	4.5%
Poverty rate	11.7%	11.5%	12.9%	14.8%	13.9%	12.3%	11.6%	11.9%	12.3%	11.0%
Median home value (dollars)	241,700	226,100	222,500	236,600	231,400	228,500	231,600	242,900	248,900	258,600

Sources:

U. S. Census Bureau; U. S. Department of Commerce, Bureau of Economic Analysis; U. S. Department of Labor, Bureau of Labor Statistics; and Delaware State Housing Authority, Policy and Planning Section

Delaware State Housing Authority
Operating Information
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Activity/Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Administration	45	45	44	44	44	44	40	43	46	43
Affordable rental housing	17	19	22	25	23	23	24	25	26	21
Community rehabilitation	-	-	-	1	1	1	1	1	1	-
Home ownership	2	5	3	4	5	5	8	8	7	7
Housing rehabilitation	1	1	1	-	-	-	-	-	-	-
Business-type activities:										
Affordable rental housing	57	56	52	50	53	53	48	49	59	50
Community rehabilitation	3	3	1	1	1	1	1	1	1	1
Home ownership	7	4	3	3	3	3	-	-	-	-
Total employees	132	133	126	128	129	129	122	127	140	122

Source:
Delaware State Housing Authority, Administration Section

Delaware State Housing Authority
Operating Information
Operating Indicators by Function
Last Ten Fiscal Years

Activity/Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Affordable rental housing										
Units assisted with HDF mortgages and grants	1,141	1,474	1,223	1,669	926	605	532	494	841	196
Units assisted with Low Income Housing Tax Credits	200	299	588	408	421	345	575	242	204	180
Units assisted with other program loans and grants	251	295	413	666	707	715	709	401	1,904	1,017
Community rehabilitation										
Units assisted with loans and grants	-	-	-	41	22	39	76	176	21	54
Home ownership										
Units assisted with loans and grants (1)	1,238	513	995	1,487	1,654	2,838	3,235	4,346	757	1,693
Housing rehabilitation										
Units assisted with loans and grants	6	6	245	158	214	200	157	121	34	116
Business-type activities:										
Affordable rental housing										
Units assisted with HOME mortgages	250	146	100	182	165	55	55	55	30	106
Units assisted with other program loans and grants	104	56	218	230	279	380	248	293	327	4,494
DSHA public housing units administered	508	508	508	508	508	508	400	400	400	500
Housing Choice Vouchers administered	955	955	955	955	955	955	955	955	955	905
Section 8 Contract Administration rental units subsidized	4,667	4,667	4,667	4,667	4,667	4,667	4,667	4,665	4,656	4,667
Community rehabilitation										
Units assisted with loans and grants	271	258	118	138	127	134	123	133	254	2,489
Home ownership										
Units assisted with first mortgages (2)	1,600	1,456	1,824	1,318	1,113	2,630	1,385	1,456	394	1,717
Units assisted with second mortgages	200	416	-	185	153	176	305	831	1,052	-

Source:
Delaware State Housing Authority, Policy and Planning Section

Notes:
(1) Includes: second mortgages, grants, foreclosure prevention counseling and assistance.
(2) Includes: foreclosure prevention counseling and assistance.

Delaware State Housing Authority
 Operating Information
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

Activity/Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Administration										
Community centers	1	1	1	1	1	1	-	-	-	-
Business-type activities:										
Affordable rental housing										
Rental units	508	508	508	508	508	508	400	400	396	290
Community centers	4	4	4	4	4	4	4	4	4	5
Recreational areas/playgrounds	3	3	3	3	3	3	2	2	2	5

Source:

Delaware State Housing Authority, Administration Section

Note: Quantifiable and meaningful capital asset indicators are not available for all functions.

