

**DELAWARE STATE HOUSING AUTHORITY**  
**A Component Unit of the State of Delaware**

**Basic Financial Statements  
And Supplemental Information  
For the Fiscal Year Ended June 30, 2024  
With Summarized Totals for June 30, 2023**

**Including the  
Independent Auditors' Reports**



<b>TABLE OF CONTENTS</b>	i-ii
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5
<b>BASIC FINANCIAL STATEMENTS</b>	
Entity-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Fund Net Position - Proprietary Funds	23
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Statements of Fiduciary Net Position - Fiduciary Funds	27
Statements of Changes in Fiduciary Net Position	28
Notes to Financial Statements	29
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of State of Delaware Net Pension Liability	77
Notes to Schedule of State of Delaware Net Pension Liability	78
Schedule of Employer Contributions to State of Delaware Pension Plan	79
Schedule of Changes in Net OPEB Liability	80
Notes to Schedule of Changes in Net OPEB Liability	81
Schedule of Contributions	82
Schedule of Annual Money-Weighted Rate of Return on Investments	83
Schedule of State of Delaware Other Post Employment Benefits Plan	84
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Activities - Entity-wide	86
Balance Sheet - Nonmajor Governmental Funds	88
Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds	90
Schedule of Net Position - Proprietary Fund - Subfunds of the Federal Programs Enterprise Fund	92
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund - Subfunds of the Federal Programs Enterprise Fund	94
Schedule of Net Position - Proprietary Fund - Subfunds of the Single Family Programs Enterprise Fund	96
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund - Subfunds of the Single Family Programs Enterprise Fund	97
Schedule of Revenue Bonds Payable	98

**TABLE OF CONTENTS, continued**

**OTHER SUPPLEMENTARY INFORMATION, continued**

Supplemental Statement of Public Housing Actual Modernization Capital Fund Grant Costs	99
Notes to Supplemental Statement of Public Housing Actual Modernization Capital Fund Grant Costs	100
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	104
Financial Reporting Findings	106
Corrective Action Plan	109
Summary Schedule of Prior Audit Findings	111



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***Independent Auditor's Report***

To the Delaware State Housing Authority  
Dover, Delaware

***Report on the Audit of the Financial Statements***

***Opinions***

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, 2024, and the related notes to the financial statements, which collectively comprise DSHA's basic financial statements as listed in the table of contents.

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, 2024, 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.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of DSHA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

To the Delaware State Housing Authority  
Dover, Delaware

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DSHA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DSHA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DSHA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Delaware State Housing Authority  
Dover, Delaware

***Other Matters***

**Report on Summarized Comparative Information**

We have previously audited DSHA's June 30, 2023 financial statements, and our report dated December 28, 2023, 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, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

As described in Note V. H to the financial statements, the June 30, 2023 Business Type Activities and Federal Programs Enterprise Fund were restated to correct mortgages receivable and grant expense. Our opinion is not modified with respect to that matter.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14, Schedule of State of Delaware Net Pension Liability and related notes on pages 77 and 78, Schedule of Employer Contributions to State of Delaware Pension Plan on page 79, Schedule of Changes in Net OPEB Liability and related notes on pages 80 and 81, Schedule of Contributions on page 82, Schedule of Annual Money-Weighted Rate of Return on Investments on page 83, and Schedule of State of Delaware Other Post Employment Benefits Plan on page 84 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise DSHA's basic financial statements. The *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.

To the Delaware State Housing Authority  
Dover, Delaware

The *Other Supplementary Information* as listed in the table of contents is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, 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 the effectiveness of DSHA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DSHA's internal control over financial reporting and compliance.

*Belfint, Lyons & Shuman, P.A.*

December 20, 2024  
Wilmington, Delaware



DELAWARE STATE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024. 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 \$705,352,858 (net position).
- The Authority's total net position increased by \$59,335,111 (9.2%) in fiscal year 2024 when compared to the previous year's ending net position. Net position of governmental activities increased by \$48,709,717 (9.6%) from the previous year and net position of business-type activities increased by \$10,625,394 (7.5%) from the previous year.

The most significant factors contributing to the governmental activities increases were: (1) the appropriation of \$40,000,000 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 \$5,500,000 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 \$8,786,500 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 \$2,642,115 in Emergency Rental Assistance Program Funds for the purpose of providing housing rental assistance subsidies offset by: (1) the transfer of administrative fees of \$213,583 from the Single Family Mortgage Revenue Bond Programs to the General Fund in support of operations; (2) \$2,822,042 interest expense on bonds; and (3) offset by gains on investments and securitized mortgages of approximately \$3,100,000.

- Unrestricted net position totaled \$69,054,400. 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 \$32,099,713 contributes to this unrestricted net position total.
- At the close of the current fiscal year, the Authority's governmental funds reported combined ending net position of \$553,912,688 an increase of \$48,709,717 (9.6%) 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, increased by \$207,367,650 (948.8%) during fiscal year 2024. The Single Family Programs issued \$200,000,000 of bonds, paid bond calls of \$2,082,879 which were primarily the result of bond redemption and mortgage prepayments, and recognized \$112,733 representing the gains related to optional calls, and deferred amounts on refunding.

## **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 15-17 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 seven 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 19-22 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 23-26 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 27-28 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 29-73 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 77-84.

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 86-100.

### **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, 2024:

<b>Delaware Housing Authority's Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023*	2024	2023
Noncapital assets	\$ 612,863,743	\$ 563,457,099	\$ 412,061,719	\$ 234,604,441	\$ 1,024,925,462	\$ 798,061,540 *
Capital assets	3,828,004	2,674,568	4,388,734	4,788,486	8,216,738	7,463,054
Total assets	<u>616,691,747</u>	<u>566,131,667</u>	<u>416,450,453</u>	<u>239,392,927</u>	<u>1,033,142,200</u>	<u>805,524,594</u>
Deferred outflow of resources	4,145,375	4,599,164	-	-	4,145,375	4,599,164
Long-term liabilities outstanding	55,346,257	54,047,084	234,549,983	31,717,243	289,896,240	85,764,327
Other liabilities	2,767,322	1,732,307	28,997,238	65,285,112	31,764,560	67,017,419
Total liabilities	<u>58,113,579</u>	<u>55,779,391</u>	<u>263,547,221</u>	<u>97,002,355</u>	<u>321,660,800</u>	<u>152,781,746</u>
Deferred inflow of resources	8,810,855	9,748,469	1,463,062	1,575,795	10,273,917	11,324,264
Net position:						
Invested in capital assets	3,701,612	2,509,097	4,120,151	4,172,821	7,821,763	6,681,918
Restricted	479,583,058	436,290,288	148,893,637	137,769,769	628,476,695	574,060,057
Unrestricted	70,628,018	66,403,586	(1,573,618)	(1,127,814)	69,054,400	65,275,772 *
Total net position	<u>\$ 553,912,688</u>	<u>\$ 505,202,971</u>	<u>\$ 151,440,170</u>	<u>\$ 140,814,776</u>	<u>\$ 705,352,858</u>	<u>\$ 646,017,747</u>

\* Restated as described in note V. H.

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, 2024:

**Delaware State Housing Authority's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023*	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 11,156,356	\$ 11,657,357	\$ 4,200,562	\$ 2,991,809	\$ 15,356,918	\$ 14,649,166
Operating grants & contributions	59,557,500	28,852,750	94,433,615	157,928,879	153,991,115	186,781,629
Capital grants & contributions	-	-	855,362	692,453	855,362	692,453
General revenues, principally						
Investment income (loss)	7,739,458	1,973,127	4,242,169	2,586,967	11,981,627	4,560,094
Total revenues	78,453,314	42,483,234	103,731,708	164,200,108	182,185,022	206,683,342
Expenses:						
Administrative	4,683,988	7,197,811	-	-	4,683,988	7,197,811
Affordable rental housing	14,268,980	12,055,658	86,903,645	151,587,032	101,172,625	163,642,690 *
Community rehabilitation	6,287,029	16,638,662	5,372,865	5,428,802	11,659,894	22,067,464
Home ownership	632,303	1,040,801	4,686,032	675,197	5,318,335	1,715,998
Housing rehabilitation	15,069	14,493	-	-	15,069	14,493
Total expenses	25,887,369	36,947,425	96,962,542	157,691,031	122,849,911	194,638,456
Change in net position before transfers	52,565,945	5,535,809	6,769,166	6,509,077	59,335,111	12,044,886
Transfers	(3,856,228)	(380,867)	3,856,228	380,867	-	-
Changes in net position	48,709,717	5,154,942	10,625,394	6,889,944	59,335,111	12,044,886
Net position, beginning	505,202,971	500,048,029	140,814,776	133,924,832	646,017,747	633,972,861
Net position, ending	\$ 553,912,688	\$ 505,202,971	\$ 151,440,170	\$ 140,814,776	\$ 705,352,858	\$ 646,017,747

\* Restated as described in note V. H.

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 \$705,352,858 at the close of the fiscal year.

Of the Authority's total assets, 42.4% represent mortgage loans outstanding, including securitized mortgage loans. Cash and investments comprise 50.3% of the total assets, while other noncapital assets make up 6.5% of total assets. Investment in capital assets accounts for 0.8% of total assets. Of the Authority's total liabilities, 70.4% consists of revenue bonds payable. Escrow deposits represent 19.3% of total liabilities. Unearned revenue represent 7.4% of total liabilities, with miscellaneous liabilities comprising 2.9% 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 (88.8%) of the Authority's net position is restricted by bond covenants, federal and state grantors, and the Authority's Loan Program. An additional 0.3% of net position is restricted for the net OPEB asset. Another 1.1% of net position reflects the Authority's investment in capital assets (e.g., land, buildings, improvements, and equipment). The remaining 9.8% 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 \$59,335,111 for the fiscal year ending June 30, 2024. Of this amount, governmental activities net position increased by \$48,709,717 and business-type net position increased by \$10,625,394.

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

Of the Authority's total revenues, 84.5% were derived from operating grants and contributions, mostly from HUD and the State of Delaware. Another 8.4% came from charges for services which are mostly comprised of mortgage loan interest. Another 0.5% came from Capital grants and contributions which are mostly federal programs. Investment income represents 6.6% of total revenues.

Of the Authority's total expenses, 82.4% were for affordable rental housing function, mostly as housing assistance payments. Another 4.3% 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 9.5%, 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 \$3,856,228 were made from governmental activities to the business-type activities. The most significant transfers for the fiscal year were as follows: (1) the General Fund, a major governmental fund, transferred \$3,201,330 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 Housing Development Fund, a major governmental fund, transferred \$575,000 to the Home 4 Good Program, a governmental activity and nonmajor governmental fund, in support of the program's objective to provide affordable housing; (3) DSHA SMAL, a governmental activity and non-major governmental fund, transferred \$6,542,753 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; (4) Within business-type activities, Single Family Programs reported cash transfers consisting mainly of the transfer of assets released from bond covenants due to the calling of outstanding bonds during the year. These transfers to the General Fund totaled \$5,884,370. Additional information regarding the Authority's interfund transactions can be found in note IV., E. on page 55 of this report.

#### Governmental Activities

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

Function	Fiscal Year 2024			Fiscal
	Expenses	Revenues	Net (Exp)/Rev	Year 2023
Administration	\$ 4,683,988	\$ 4,488,405	\$ (195,583)	\$ (2,600,717)
Affordable rental housing	14,268,980	53,574,575	39,305,595	11,347,801
Community rehabilitation	6,287,029	9,500,000	3,212,971	(7,138,662)
Home ownership	632,303	2,635,234	2,002,931	1,645,725
Housing rehabilitation	15,069	515,642	500,573	308,535
Total	\$ 25,887,369	\$ 70,713,856	\$ 44,826,487	\$ 3,562,682

#### **Governmental Activities Revenues by Source**

Source	Fiscal Year 2024		Fiscal Year 2023	
	Revenue	Percent	Revenue	Percent
Charges for services	\$ 11,156,356	15%	\$ 11,657,357	28%
Operating grants and contributions	59,557,500	80%	28,852,750	69%
Other general revenues	7,739,458	10%	1,973,127	-4%
Transfers	(3,856,228)	-5%	(380,867)	-1%
Total	\$ 74,597,086	100%	\$ 42,102,367	100%

Governmental activities increased the Authority's net position by \$48,709,717. The most significant

factors contributing to the governmental activities increases were: (1) the appropriation of \$40,000,000 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 \$5,500,000 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 \$8,786,500 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**  
**Net (Expenses)/Revenues by Function**

Function	Fiscal Year 2024			Fiscal
	Expenses	Revenues	Net (Exp)/Rev	Year 2023
Affordable rental housing	\$ 86,903,645	\$ 92,469,238	\$ 5,565,593	\$ 3,488,147 *
Community rehabilitation	5,372,865	5,371,822	(1,043)	18,670
Home ownership	4,686,032	1,648,479	(3,037,553)	415,293
Total	\$ 96,962,542	\$ 99,489,539	\$ 2,526,997	\$ 3,922,110

\* Restated as described in note V. H.

**Business-type Activities**  
**Revenues by Source**

Source	Fiscal Year 2024		Fiscal Year 2023	
	Revenue	Percent	Revenue	Percent
Charges for services	\$ 4,200,562	4%	\$ 2,991,809	2%
Operating grants and contributions	94,433,615	88%	157,928,879	96%
Capital grants and contributions	855,362	1%	692,453	0%
Other general revenues	4,242,169	4%	2,586,967	2%
Transfers	3,856,228	4%	380,867	0%
Total	\$ 107,587,936	100%	\$ 164,580,975	100%

Business-type activities increased the Authority's net position by \$10,625,394. The most significant factors contributing to the business-type activities increases were the receipt of \$2,642,115 in Emergency Rental Assistance Program Funds for the purpose of providing housing rental assistance subsidies offset by: (1) the transfer of administrative fees of \$213,583 from the Single Family Mortgage Revenue Bond Programs to the General Fund in support of operations; (2) \$2,822,042 interest expense on bonds; and (3) offset by gains on investments and securitized mortgages of approximately \$5,000,000.

**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 \$555,643,355 an increase of (8.8%) in comparison with the prior year. All 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 \$112,463,143 an increase of \$236,190 (0.2%) in comparison with the prior year. The key factors of this increase mostly consisted of General Fund revenues of \$6,789,693 from interest income, fees, and other income, combined with expenditures of \$9,273,432 and transfers in the amount of \$5,921,000 from the DSHA Second Mortgage Assistance Loan Program.

The most significant factors contributing to the business-type activities increases were (1) Receipt of Federal funding used to issue loans for housing programs totaling approximately \$3.6 million, (2) DSHA SMAL, a governmental activity and non-major governmental fund, transferred \$6,542,753 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 and (3) offset by gains on investments and securitized mortgages of approximately \$7,900,000. All 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 \$323,255,859 of which \$275,723,793 is restricted, to be used for the specific purposes of HDF activities per enabling legislation and \$47,532,066 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 \$32,602,931 (11.2%) in comparison with the prior year. The increase is the result of grants in the amount of \$40,000,000 from the State of Delaware used to generate mortgages and grants, \$7,401,319 in interest and investment income, \$1,015,820 in fee revenue, and \$27,460 in other revenue offset by Affordable Rental Housing expenditures of \$5,266,668 and a transfer of \$10,000,000 to the Delaware Down Payment Assistance Program.

The Downtown Development Districts Grant Program (DDD) had a fund balance of \$28,166,259 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. A contributing factor for the increase was the amounts provided by the Delaware General Assembly in the State budget exceeded Community Rehabilitation expenditures.

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 increased by \$2,000,382. The increase is the result of grants in the amount of \$8,786,500 from the State of Delaware used to provide housing assistance.

The DSHA Second Mortgage Assistance Loan Program (DSHA SMAL), a non-major governmental fund, has a total fund balance of \$22,725,263, which is reported as restricted. The net decrease in the fund balance during the fiscal year was \$5,634,016 (19.9%) in comparison with the prior year. The decrease was the result of a \$6,542,753 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 \$102,698,335 and those of the Single Family Programs Funds amounted to \$46,195,302. The total increase in net position for the Federal Programs Fund was \$6,656,821 (6.7%) in comparison with the prior year, primarily due to the receipt of \$3,608,329 in HOME Program grant and \$1,077,265 of interest on loans offset by operating expenses in the program of \$1,889,995, the receipt of \$4,192,946 in ERA Program funds offset by operating expenses in the program of \$3,041,452, the receipt of \$2,854,109 of HTF Program funds offset by operating expenses in the program of \$296,571 and the decrease of \$500,641 for the MTW program. The ERA Program funds receipts totaled \$2,642,207, offset by operating expenses of \$3,041,453.

The total increase in net position for the Single Family Program Funds was \$3,968,572 (9.6%) in comparison with an increase of \$2,608,388 the prior year. This is primarily due to the receipt of approximately \$5,000,000 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. The Single Family Program Funds also received net transfers in of \$3,859,328.

### **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, 2024, amounts to \$8,216,738 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment. The total increase in the Authority's investment in capital assets for the current fiscal year was 10.10% (a 1.8% increase for governmental activities and an 8.3% 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.

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 572,769	\$ 572,769	\$ 937,559	\$ 937,559	\$ 1,510,328	\$ 1,510,328
Construction in progress	240,371	138,479	119,396	38,518	359,767	176,997
Buildings	2,374,217	1,802,102	488,068	665,168	2,862,285	2,467,270
Land/site improvements	268,868	-	2,406,579	2,157,890	2,675,447	2,157,890
Vehicles	-	-	-	493	-	493
Other equipment	252,618	-	157,290	313,440	409,908	313,440
Right of use capital asset - lease	119,161	161,218	253,215	342,586	372,376	503,804
Right of use intangible asset	-	-	26,627	332,832	26,627	332,832
Total	\$ 3,828,004	\$ 2,674,568	\$ 4,388,734	\$ 4,788,486	\$ 8,216,738	\$ 7,463,054

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 \$219,192,689, notes payable of \$2,000,000, and lease payable of \$394,975. The Authority's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Notes payable	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
Revenue bonds payable	-	-	219,192,689	21,275,568	219,192,689	21,275,568
Lease payable	126,392	165,471	268,583	351,627	394,975	517,098
Subscription payable	-	-	-	264,038	-	264,038
Total	\$ 2,126,392	\$ 2,165,471	\$ 219,461,272	\$ 21,891,233	\$ 221,587,664	\$ 24,056,704

The Authority's outstanding debt, excluding compensated absences, increased by \$197,530,960 (948.8%) in comparison to the prior year. Key factors in this increase were Single Family Programs Enterprise Fund bond issuance of \$200,000,000 .

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 page 56 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, 2024  
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2023)

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL 2024	TOTAL 2023
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 38,753,230	\$ 19,766,452	\$ 58,519,682	\$ 77,373,036
Investments	159,456,116	187,297,620	346,753,736	237,651,180
Mortgage loans receivable, net	1,135,553	-	1,135,553	1,168,905
Accrued interest & other receivables	4,123,405	665,570	4,788,975	8,782,322
Grants receivable-US Dept of HUD	-	308,420	308,420	267,997
Internal balances	1,853,970	(1,853,970)	-	-
Prepaid expenses	144,372	4,618,730	4,763,102	4,063,221
Total current assets	205,466,646	210,802,822	416,269,468	329,306,661
Non-current assets:				
Cash, restricted for payment of escrows	-	1,877,179	1,877,179	1,913,604
Investments	97,270,920	15,603,671	112,874,591	66,837,283
Securitized mortgage loans	4,032,492	97,017,255	101,049,747	25,889,838
Mortgage loans receivable, net	257,768,881	78,326,362	336,095,243	321,051,666 *
Accrued interest & other receivables, net	41,180,630	13,290,525	54,471,155	52,162,255
State of Delaware OPEB asset	2,288,079	-	2,288,079	900,233
State of Delaware net pension asset	-	-	-	-
Internal balances	4,856,095	(4,856,095)	-	-
Capital assets:				
Capital assets not being depreciated	813,140	1,056,955	1,870,095	1,687,325
Capital assets net of accumulated depreciation	3,014,864	3,331,779	6,346,643	5,775,729
Total non-current assets	411,225,101	205,647,631	616,872,732	476,217,933
<b>TOTAL ASSETS</b>	<b>616,691,747</b>	<b>416,450,453</b>	<b>1,033,142,200</b>	<b>805,524,594</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts on State of DE Pension and OPEBs	4,145,375	-	4,145,375	4,599,164
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,145,375</b>	<b>-</b>	<b>4,145,375</b>	<b>4,599,164</b>

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

DELAWARE STATE HOUSING AUTHORITY  
STATEMENT OF NET POSITION - CONTINUED  
JUNE 30, 2024  
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2023)

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL 2024	TOTAL 2023
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and other current liabilities	\$ 604,178	\$ 2,077,441	\$ 2,681,619	\$ 2,531,373
Unearned Revenue	1,074,312	22,710,801	23,785,113	63,968,709
Due to State of Delaware-pension costs	2,352	-	2,352	1,127
Lease payable	42,394	90,088	132,482	122,124
Subscription payable	-	-	-	264,038
Compensated absences payable	44,086	35,811	79,897	130,048
Accrued interest payable	-	2,225,287	2,225,287	-
Notes payable	1,000,000	-	1,000,000	-
Revenue bonds payable	-	1,857,810	1,857,810	-
Total current liabilities	2,767,322	28,997,238	31,764,560	67,017,419
Non-current liabilities:				
Compensated absences payable	867,595	318,639	1,186,234	1,197,827
Escrow deposits	52,817,027	9,350,620	62,167,647	59,848,060
Lease liability	83,998	178,495	262,493	394,974
Notes payable	1,000,000	-	1,000,000	2,000,000
Revenue bonds payable	-	224,702,229	224,702,229	21,275,568
State of Delaware pension obligation	95,028	-	95,028	149,606
OPEB liability	482,609	-	482,609	898,292
Total non-current liabilities	55,346,257	234,549,983	289,896,240	85,764,327
<b>TOTAL LIABILITIES</b>	<b>58,113,579</b>	<b>263,547,221</b>	<b>321,660,800</b>	<b>152,781,746</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts on State of DE Pension and OPEBs	8,810,855	-	8,810,855	9,748,469
Deferred amounts on bond refundings	-	1,463,062	1,463,062	1,575,795
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>8,810,855</b>	<b>1,463,062</b>	<b>10,273,917</b>	<b>11,324,264</b>
<b>NET POSITION</b>				
Invested in capital assets	3,701,612	4,120,151	7,821,763	6,681,918
Restricted by federal and state regulations	453,070,721	102,698,335	555,769,056	504,029,766
Restricted by bond covenants	-	46,195,302	46,195,302	42,400,490
Restricted for Authority Loan Program	24,224,258	-	24,224,258	27,629,801
Restricted for Net OPEB Asset	2,288,079	-	2,288,079	-
Unrestricted, for Authority's purposes	70,628,018	(1,573,618)	69,054,400	65,275,773 *
<b>TOTAL NET POSITION</b>	<b>\$ 553,912,688</b>	<b>\$ 151,440,170</b>	<b>\$ 705,352,858</b>	<b>\$ 646,017,748</b>

\* Restated as described in note V. H.

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, 2024  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

FUNCTION	PROGRAM REVENUE				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL 2024	TOTAL 2023
Governmental activities:								
Administrative	\$ 4,683,988	\$ 4,467,405	\$ 21,000	\$ -	\$ (195,583)	\$ -	\$ (195,583)	\$ (2,600,717)
Affordable rental housing	14,268,980	4,038,075	49,536,500	-	39,305,595	-	39,305,595	11,347,801
Community rehabilitation	6,287,029	-	9,500,000	-	3,212,971	-	3,212,971	(7,138,662)
Home ownership	632,303	2,635,234	-	-	2,002,931	-	2,002,931	1,645,725
Housing rehabilitation	15,069	15,642	500,000	-	500,573	-	500,573	308,535
Total governmental activities	<u>\$ 25,887,369</u>	<u>\$ 11,156,356</u>	<u>\$ 59,557,500</u>	<u>\$ -</u>	<u>\$ 44,826,487</u>	<u>\$ -</u>	<u>\$ 44,826,487</u>	<u>\$ 3,562,682</u>
Business-type activities:								
Affordable housing	\$ 86,903,645	\$ 2,552,083	\$ 89,061,793	\$ 855,362	\$ -	\$ 5,565,593	\$ 5,565,593	\$ 3,488,148 *
Community rehabilitation	5,372,865	-	5,371,822	-	-	(1,043)	(1,043)	18,670
Home ownership	4,686,033	1,648,479	-	-	-	(3,037,554)	(3,037,554)	415,293
Total business-type activities	<u>\$ 96,962,543</u>	<u>\$ 4,200,562</u>	<u>\$ 94,433,615</u>	<u>\$ 855,362</u>	<u>\$ -</u>	<u>\$ 2,526,996</u>	<u>\$ 2,526,996</u>	<u>\$ 3,922,111</u>
General revenues:								
Investment income, gains/(losses) on investments, and miscellaneous earnings					\$ 7,739,458	\$ 4,242,169	\$ 11,981,627	\$ 4,560,094
Transfers					(3,856,228)	3,856,228	-	-
Total general revenues and transfers					<u>3,883,230</u>	<u>8,098,397</u>	<u>11,981,627</u>	<u>4,560,094</u>
Change in net position					<u>48,709,717</u>	<u>10,625,393</u>	<u>59,335,110</u>	<u>12,044,887</u>
Net position, beginning of year					<u>505,202,971</u>	<u>140,814,777</u>	<u>646,017,748</u>	<u>633,972,861</u>
Net position, end of year					<u>\$ 553,912,688</u>	<u>\$ 151,440,170</u>	<u>\$ 705,352,858</u>	<u>\$ 646,017,748</u>

\* Restated as described in note V. H.

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



DELAWARE STATE HOUSING AUTHORITY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2024  
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2023)

	HOUSING DEVELOPMENT FUND		DOWNTOWN DEVELOPMENT DISTRICTS GRANT FUND		STATE RENTAL ASSISTANCE PROGRAM		NONMAJOR GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL FUNDS	
	GENERAL FUND								2024	2023
<b>ASSETS</b>										
Cash & cash equivalents	\$ 2,158,582	\$ 10,142,541	\$ 693,695	\$ 2,984,038	\$ 22,774,374	\$ 38,753,230	\$ 42,160,327			
Investments	29,941,131	167,983,267	27,472,564	4,811,408	26,518,665	256,727,035	212,307,036			
Securitized mortgage loans	4,032,492	-	-	-	-	4,032,492	4,307,802			
Interfund receivables	7,159,435	-	-	-	-	7,159,435	4,731,173			
Loans receivable:										
Mortgages receivable, net	60,839,795	170,643,946	-	-	27,420,693	258,904,434	252,375,433			
Accrued interest & other receivables	10,577,053	27,031,123	-	-	7,695,859	45,304,035	46,819,018			
Prepaid items	144,372	-	-	-	-	144,372	127,719			
<b>TOTAL ASSETS</b>	<b>\$ 114,852,860</b>	<b>\$ 375,800,877</b>	<b>\$ 28,166,259</b>	<b>\$ 7,795,446</b>	<b>\$ 84,409,591</b>	<b>\$ 611,025,033</b>	<b>\$ 562,828,508</b>			
<b>LIABILITIES &amp; FUND BALANCES</b>										
<b>LIABILITIES</b>										
Accounts payable & Accrued Expense	\$ 520,853	\$ 50,918	\$ -	\$ -	\$ 32,407	\$ 604,178	\$ 512,485			
Due to St of Delaware-pension costs	2,352	-	-	-	-	2,352	1,127			
Interfund payables	41,801	100	-	-	407,469	449,370	271,660			
Compensated absences payable	44,086	-	-	-	-	44,086	-			
Unearned revenue	1,074,312	-	-	-	-	1,074,312	1,085,444			
Escrow deposits	315,960	52,494,000	-	-	7,067	52,817,027	50,060,783			
<b>TOTAL LIABILITIES</b>	<b>1,999,364</b>	<b>52,545,018</b>	<b>-</b>	<b>-</b>	<b>446,943</b>	<b>54,991,325</b>	<b>51,931,499</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Deferred amounts on Developer Fee	390,353	-	-	-	-	390,353	390,353			
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>390,353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>390,353</b>	<b>390,353</b>			
<b>FUND BALANCES</b>										
Nonspendable	78,330,302	-	-	-	-	78,330,302	74,196,724			
Restricted	-	275,723,793	28,166,259	7,795,446	83,944,574	395,630,072	344,815,040			
Committed	34,132,841	47,532,066	-	-	-	81,664,907	91,475,249			
Assigned	-	-	-	-	19,643	19,643	19,643			
Unassigned	-	-	-	-	(1,569)	(1,569)	-			
<b>TOTAL FUND BALANCES</b>	<b>112,463,143</b>	<b>323,255,859</b>	<b>28,166,259</b>	<b>7,795,446</b>	<b>83,962,648</b>	<b>555,643,355</b>	<b>510,506,656</b>			
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 114,852,860</b>	<b>\$ 375,800,877</b>	<b>\$ 28,166,259</b>	<b>\$ 7,795,446</b>	<b>\$ 84,409,591</b>	<b>\$ 611,025,033</b>	<b>\$ 562,828,508</b>			

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, 2024

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

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS (page 19)	\$ 555,643,355
Pension and other post-employment benefits (OPEB) assets/(liabilities) are not financial resources and, therefore, are not reported in the funds.	1,710,443
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,828,004
Deferred outflows of resources related to State of Delaware pensions and OPEBs.	4,145,375
Long-term liabilities are not due and payable in the current period and, therefore not reported in the funds.	(2,993,987)
Deferred inflows of resources related to Developer Fee.	390,353
Deferred inflows of resources related to State of Delaware pensions and OPEBs.	<u>(8,810,855)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES (page 16)	<u>\$ 553,912,688</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, 2024  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	GENERAL FUND	HOUSING DEVELOPMENT FUND	DOWNTOWN DEVELOPMENT DISTRICTS GRANT FUND	STATE RENTAL ASSISTANCE PROGRAM	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
						2024	2023
REVENUES							
Interest income:							
Investments	\$ 945,143	\$ 3,290,641	\$ 774,148	\$ 151,622	\$ 855,876	\$ 6,017,430	\$ 2,578,023
Loans	1,828,757	2,994,795	-	-	747,899	5,571,451	6,059,590
Total interest income	2,773,900	6,285,436	774,148	151,622	1,603,775	11,588,881	8,637,613
Grants	21,000	-	-	-	-	21,000	17,000
Payments from primary government	750,000	40,000,000	5,500,000	8,786,500	4,000,000	59,036,500	28,535,750
Gains/(losses) on investments	606,145	1,115,883	-	-	-	1,722,028	(604,896)
Fees	2,609,334	1,015,820	-	-	201,406	3,826,560	3,391,942
Other revenue	29,314	27,460	-	-	2,201,571	2,258,345	2,505,825
TOTAL REVENUES	6,789,693	48,444,599	6,274,148	8,938,122	8,006,752	78,453,314	42,483,234
EXPENDITURES							
Current:							
Administrative	6,877,543	-	-	-	-	6,877,543	8,669,326
Affordable rental housing	1,016,426	5,266,668	-	6,937,740	1,048,146	14,268,980	12,055,658
Community rehabilitation	-	-	4,657,448	-	1,629,581	6,287,029	16,638,662
Home ownership	-	-	-	-	632,303	632,303	1,040,801
Housing rehabilitation	-	-	-	-	15,069	15,069	14,493
Capital Outlay	1,333,891	-	-	-	-	1,333,891	138,479
Debt Service							
Principal	39,079	-	-	-	-	39,079	36,212
Interest	6,493	-	-	-	-	6,493	8,792
TOTAL EXPENDITURES	9,273,432	5,266,668	4,657,448	6,937,740	3,325,099	29,460,387	38,602,423
EXCESS/(DEFICIT) REVENUE OVER EXPENDITURES	(2,483,739)	43,177,931	1,616,700	2,000,382	4,681,653	48,992,927	3,880,811
OTHER FINANCING SOURCES (USES)							
Debt Proceeds	-	-	-	-	-	-	1,000,000
Transfers in	5,921,000	-	-	-	10,575,126	16,496,126	11,588,052
Transfers out	(3,201,071)	(10,575,000)	-	-	(6,576,283)	(20,352,354)	(11,968,919)
TOTAL OTHER FINANCING SOURCES (USES)	2,719,929	(10,575,000)	-	-	3,998,843	(3,856,228)	619,133
NET CHANGE IN FUND BALANCES	236,190	32,602,931	1,616,700	2,000,382	8,680,496	45,136,699	4,499,944
FUND BALANCES, BEGINNING	112,226,953	290,652,928	26,549,559	5,795,064	75,282,152	510,506,656	506,006,712
FUND BALANCES, ENDING	\$ 112,463,143	\$ 323,255,859	\$ 28,166,259	\$ 7,795,446	\$ 83,962,648	\$ 555,643,355	\$ 510,506,656

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, 2024

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

NET CHANGES IN FUND BALANCE-TOTAL GOVERNMENTAL FUNDS (page 21)		\$	45,136,699
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.			2,297,091
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/amortization expense. This amount is the net difference in the treatment of capital outlay.			1,153,436
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.			38,588
Governmental funds report debt proceeds as a source of funds. However, this is not revenue on the statement of activities.			-
Governmental funds report debt repayments as a source of funds. However, this is not expense on the statement of activities.			39,079
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	\$	29,009	
Cost of benefits earned net of employee contributions		<u>15,815</u>	<u>44,824</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 17)		\$	<u><u>48,709,717</u></u>

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

DELAWARE STATE HOUSING AUTHORITY  
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2024  
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2023)

	FEDERAL PROGRAMS ENTERPRISE FUND	SINGLE FAMILY PROGRAMS ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS	
			2024	2023
<b>ASSETS</b>				
Current Assets:				
Cash & cash equivalents	\$ 16,505,354	\$ 3,261,098	\$ 19,766,452	\$ 35,212,709
Investments	21,712,068	165,585,552	187,297,620	74,922,756
Accrued interest and other receivables	455,249	210,321	665,570	845,650
Grants receivable-US Dept of HUD	308,420	-	308,420	267,997
Interfund receivables	19,170	-	19,170	58,505
Prepaid expenses	4,618,730	-	4,618,730	3,935,502
Total current assets	43,618,991	169,056,971	212,675,962	115,243,119
Non-Current Assets:				
Cash, restricted for payment of escrows	1,877,179	-	1,877,179	1,913,604
Investments	7,288,441	8,315,230	15,603,671	17,258,671
Secutitized mortgage loans	-	97,017,255	97,017,255	21,582,036
Mortgage loans receivable, net	75,982,577	2,343,785	78,326,362	69,845,138 *
Accrued interest and other receivables, net	12,915,799	374,726	13,290,525	13,279,891
Interfund receivables	22,632	-	22,632	29,946
Capital assets not being depreciated	1,056,955	-	1,056,955	976,077
Capital assets net of accumulated depreciation	3,331,779	-	3,331,779	3,812,409
Total non-current assets	102,475,362	108,050,996	210,526,358	128,697,772
<b>TOTAL ASSETS</b>	<b>146,094,353</b>	<b>277,107,967</b>	<b>423,202,320</b>	<b>243,940,891</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	2,072,397	5,044	2,077,441	2,018,888
Deferred Revenue	22,710,801	-	22,710,801	62,883,265
Interfund payables	303,807	1,569,333	1,873,140	362,653
Lease payables	90,088	-	90,088	83,044
Subscription Payable	-	-	-	264,038
Compensated absences payable	35,811	-	35,811	35,877
Accrued interest payable	-	2,225,287	2,225,287	-
Revenue bonds payable	-	1,857,810	1,857,810	-
Total current liabilities	25,212,904	5,657,474	30,870,378	65,647,765
Non-Current Liabilities:				
Interfund payables	4,878,677	50	4,878,727	4,185,311
Lease Liability	178,495	-	178,495	268,583
Compensated absences payable	318,639	-	318,639	385,815
Escrow deposits	9,350,620	-	9,350,620	9,787,277
Revenue bonds payable	-	224,702,229	224,702,229	21,275,568
Total non-current liabilities	14,726,431	224,702,279	239,428,710	35,902,554
<b>TOTAL LIABILITIES</b>	<b>39,939,335</b>	<b>230,359,753</b>	<b>270,299,088</b>	<b>101,550,319</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amount on bond refunding	-	1,463,062	1,463,062	1,575,795
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>-</b>	<b>1,463,062</b>	<b>1,463,062</b>	<b>1,575,795</b>
<b>NET POSITION</b>				
Invested in capital assets	4,120,151	-	4,120,151	4,172,821
Restricted by federal regulations	102,698,335	-	102,698,335	95,369,279
Restricted by bond covenants	-	46,195,302	46,195,302	42,400,490
Unrestricted	(663,468)	(910,150)	(1,573,618)	(1,127,813) *
<b>TOTAL NET POSITION</b>	<b>\$ 106,155,018</b>	<b>\$ 45,285,152</b>	<b>\$ 151,440,170</b>	<b>\$ 140,814,777</b>

\* Restated as described in note V. H.

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, 2024  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	FEDERAL PROGRAMS ENTERPRISE FUND	SINGLE FAMILY PROGRAMS ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS	
			2024	2023
OPERATING REVENUES				
Interest income on loans	\$ 1,267,112	\$ 1,202,103	\$ 2,469,215	\$ 1,522,451
Federal housing program grants	94,433,615	-	94,433,615	157,928,879
Rental income	638,685	-	638,685	619,457
Amortization of deferred revenues	-	112,733	112,733	105,056
Miscellaneous	646,286	333,643	979,929	744,845
TOTAL OPERATING REVENUES	96,985,698	1,648,479	98,634,177	160,920,688
OPERATING EXPENSES				
Interest expense on bonds	-	2,822,042	2,822,042	652,385
Administrative	8,370,090	12,959	8,383,049	18,685,868
Grants and housing assistance payments	80,610,874	-	80,610,874	135,380,239 *
Public housing maintenance & utilities	2,200,307	-	2,200,307	1,882,394
Amortization of deferred expenses	-	1,841,031	1,841,031	-
Depreciation & Amortization	1,080,025	-	1,080,025	1,044,429
Other expenses	-	10,000	10,000	14,999
TOTAL OPERATING EXPENSES	92,261,296	4,686,032	96,947,328	157,660,314
OPERATING INCOME	4,724,402	(3,037,553)	1,686,849	3,260,374
NON-OPERATING INCOME/(EXPENSES)				
Investment income	1,095,372	5,612,745	6,708,117	3,640,119
Interest Expense	(15,215)	-	(15,215)	(30,716)
Change in fair value of investments	-	(2,465,948)	(2,465,948)	(1,053,152)
TOTAL NON-OPERATING INCOME/(EXPENSES)	1,080,157	3,146,797	4,226,954	2,556,251
INCOME/(LOSS) BEFORE CAPITAL GRANTS AND OPERATING TRANSFERS	5,804,559	109,244	5,913,803	5,816,625
Capital grants	855,362	-	855,362	692,453
Transfers in	-	9,743,698	9,743,698	1,459,430
Transfers out	(3,100)	(5,884,370)	(5,887,470)	(1,078,563)
CHANGE IN NET POSITION	6,656,821	3,968,572	10,625,393	6,889,945
NET POSITION, BEGINNING	99,498,197	41,316,580	140,814,777	133,924,832
NET POSITION, ENDING	\$ 106,155,018	\$ 45,285,152	\$ 151,440,170	\$ 140,814,777

\* Restated as described in note V. H.

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, 2024  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	FEDERAL PROGRAMS ENTERPRISE FUND	SINGLE FAMILY PROGRAMS ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS	
			2024	2023
<b>OPERATING ACTIVITIES:</b>				
Securitized mortgage loans principal repayments received	\$ -	\$ 2,288,669	\$ 2,288,669	\$ 2,281,082
Mortgage loans principal repayments received	534,724	-	534,724	326,860
Mortgage interest payments received	347,265	897,703	1,244,968	1,109,512
Grants received	54,148,531	-	54,148,531	84,119,847
Rental and related rental income	677,998	-	677,998	642,952
Escrow receipts	2,453,495	-	2,453,495	3,110,123
Other receipts	714,844	333,643	1,048,487	377,264
Purchase of securitized mortgage loans	-	(80,342,028)	(80,342,028)	-
New mortgages disbursed	(6,337,937)	(2,343,785)	(8,681,722)	(4,308,167)
Grants disbursed	(79,976,812)	-	(79,976,812)	(135,868,721) *
Goods/Services expenses	(4,788,494)	(12,983)	(4,801,477)	(12,862,566)
Employee expenses	(3,905,362)	-	(3,905,362)	(3,958,848)
Maintenance and utility expenses	(1,895,251)	-	(1,895,251)	(2,112,912)
Trustee and servicing fees paid	-	(10,000)	(10,000)	(10,040)
Escrow disbursements	(3,034,603)	-	(3,034,603)	(1,999,645)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(41,061,602)</b>	<b>(79,188,781)</b>	<b>(120,250,383)</b>	<b>(69,153,259)</b>
<b>NONCAPITAL FINANCING ACTIVITIES:</b>				
Proceeds from revenue bonds	-	207,367,350	207,367,350	-
Interfund payments received	3,697,524	9,743,698	13,441,222	7,054,031
Repayments of principal on revenue bonds	-	(2,082,879)	(2,082,879)	(2,112,608)
Payments of interest on revenue bonds	-	(596,755)	(596,755)	(652,385)
Bond issuance costs	-	(1,841,031)	(1,841,031)	-
Interfund payments made	(3,030,374)	(4,350,717)	(7,381,091)	(4,672,380)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>667,150</b>	<b>208,239,666</b>	<b>208,906,816</b>	<b>(383,342)</b>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital grant funds from US Dept of HUD	855,362	-	855,362	692,453
Interest Expense	(15,215)	-	(15,215)	(18,896)
Subscription Based Information Technology Arrangement Liability	(264,038)	-	(264,038)	(375,000)
Payments on lease assets	(83,044)	-	(83,044)	(76,410)
Purchase of capital assets	(680,273)	-	(680,273)	(558,439)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(187,208)</b>	<b>-</b>	<b>(187,208)</b>	<b>(336,292)</b>
<b>INVESTING ACTIVITIES:</b>				
Proceeds from sales and maturities of investments	63,000,752	185,355,357	248,356,109	108,386,375
Interest income on investments	1,095,372	2,847,590	3,942,962	1,035,744
Purchase of investment securities	(35,676,188)	(320,538,365)	(356,214,553)	(72,360,346)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>28,419,936</b>	<b>(132,335,418)</b>	<b>(103,915,482)</b>	<b>37,061,773</b>
<b>NET INCREASE (DECREASE) IN CASH/CASH EQUIVALENTS</b>	<b>(12,161,724)</b>	<b>(3,284,533)</b>	<b>(15,446,257)</b>	<b>(32,811,120)</b>
<b>CASH/CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>28,667,078</b>	<b>6,545,631</b>	<b>35,212,709</b>	<b>68,023,829</b>
<b>CASH/CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 16,505,354</b>	<b>\$ 3,261,098</b>	<b>19,766,452</b>	<b>\$ 35,212,709</b>

Continued on next page.

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, 2024  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	FEDERAL PROGRAMS ENTERPRISE FUND	SINGLE FAMILY PROGRAMS ENTERPRISE FUND	TOTAL ENTERPRISE FUNDS	
			2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES				
OPERATING INCOME/(LOSS)	\$ 4,724,402	\$ (3,037,553)	\$ 1,686,849	\$ 3,260,374
Adjustments to reconcile operating income to net cash provided(used) by operating activities:				
Amortization of deferred bond costs	-	1,841,031	1,841,031	-
Amortization of bond premium	-	(112,733)	(112,733)	(105,056)
Amortization of lease assets	89,372	-	89,372	-
Depreciation expense	990,653	-	990,653	1,133,799
Interest expense on bonds	-	2,822,042	2,822,042	652,385
Decrease / (Increase) in fair value of securitized mortgage loans	-	(2,618,141)	(2,618,141)	(1,053,152)
Changes in assets and liabilities:				
(Increase) decrease in accrued interest and other receivables	535,998	(304,400)	231,598	(443,326)
(Increase) decrease in securitized mortgage loans	-	(75,435,217)	(75,435,217)	3,334,234
(Increase) decrease in mortgage loans receivable	(6,137,439)	(2,343,785)	(8,481,224)	(3,981,306) *
(Increase) decrease in bond issuance costs	-	-	-	-
(Increase) decrease in prepaid expense	(683,228)	-	(683,228)	(92,181)
Increase (decrease) in accounts payable and accrued expenses	(8,664)	(25)	(8,689)	1,378,317
Increase (decrease) in deferred revenue	(40,172,464)	-	(40,172,464)	(73,980,246)
Increase (decrease) in escrow deposits	(400,232)	-	(400,232)	742,899
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (41,061,602)	\$ (79,188,781)	\$ (120,250,383)	\$ (69,153,259)
NONCASH NONCAPITAL FINANCING ACTIVITIES				
Subscription Based Information Technology Arrangement				
Right-Of-Use Asset	\$ -	\$ -	\$ -	\$ 639,038
Liability	-	-	-	(639,038)
NET NONCASH TRANSFERS	\$ -	\$ -	\$ -	\$ -
NONCASH INVESTING ACTIVITIES				
Increase (decrease) in fair value of escrow investments	\$ (140,283)	\$ -	\$ (140,283)	\$ (44,635)

\* Restated as described in note V. H.

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

DELAWARE STATE HOUSING AUTHORITY  
STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2024 AND 2023

	DSHA RETIREE MEDICAL TRUST	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ -	\$ 1,311
Interest receivable on investments	105,651	80,296
Interest receivable on loans	4,308	4,418
Other receivables	4,576	74,488
Investments, at fair value:		
Savings account	120,811	13,173
Corporate notes	6,087,014	5,421,471
Commercial paper	-	95,759
U.S. Treasury Obligations	3,539,765	3,682,983
U.S. Government Agencies	5,752,108	4,741,196
Loans receivable	1,033,889	1,060,384
Total assets	<u>16,648,122</u>	<u>15,175,479</u>
LIABILITIES		
Accounts payable	2,087	1,985
Total liabilities	<u>2,087</u>	<u>1,985</u>
NET POSITION		
Net Position Restricted for OPEB	<u>\$ 16,646,035</u>	<u>\$ 15,173,494</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, 2024 AND 2023

	DSHA RETIREE MEDICAL TRUST	
	2024	2023
ADDITIONS		
Contributions:		
Employer contributions	\$ 955,469	\$ 911,537
Other contributions	-	-
Total contributions	955,469	911,537
Investment earnings:		
Interest	341,347	252,512
Interest on loan	52,307	53,602
Net increase (decrease) in fair value	376,704	(219,175)
Total investment earnings	770,358	86,939
Less: Investment expense	(7,898)	(7,487)
Net investment earnings	762,460	79,452
Total additions	1,717,929	990,989
DEDUCTIONS		
Benefits paid	233,088	223,548
Administrative expenses	12,300	11,300
Total deductions	245,388	234,848
Net increase in net position	1,472,541	756,141
Net position - beginning	15,173,494	14,417,353
Net position - ending	<u>\$ 16,646,035</u>	<u>\$ 15,173,494</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, 2024**

**INDEX**

I.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	30
A.	Reporting Entity	30
B.	Entity-wide and fund financial statements	30
C.	Measurement focus, basis of accounting, and financial statement presentation	39
D.	Assets, liabilities, and net position or equity	41
II.	RECONCILIATION OF ENTITY-WIDE AND FUND FINANCIAL STATEMENTS	46
A.	Explanation of certain differences between the governmental fund balance sheet and the entity-wide statement of net position	46
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	46
III.	COMPLIANCE AND ACCOUNTABILITY	47
IV.	DETAILED NOTES ON ALL FUNDS	47
A.	Deposits and investments	47
B.	Receivables	52
C.	Accounts payable	53
D.	Capital assets	54
E.	Interfund transactions	55
F.	Short-term and long-term debt	56
G.	Segment information	58
V.	OTHER INFORMATION	60
A.	Risk management	60
B.	Related organizations and related-party transactions	60
C.	Economic dependency	61
D.	Post-retirement health care benefits	61
E.	Pension plans	69
F.	Contingent liabilities	73
G.	Subsequent events	73
H.	Correction of an error	73

**DELAWARE STATE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**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, or taxing power of the State are 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, 2023 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, bond proceeds, and premiums from the sale of mortgage backed securities on the TBA market 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.

During the year ended June 30, 2024, the State Supplemental Fund was funded by the State of Delaware General Assembly to address the housing crisis through state programs including the: Catalyst Fund, Accelerator Fund, Market Pressure Relief Fund, and Preservation Fund. These programs are designed to transform communities and neighborhoods through affordable housing initiatives. DSHA received \$40,000,000 from the State of Delaware for the year ended June 30, 2024, and \$10,000,000 was transferred to the Downpayment Assistance 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 \$5,500,000 for DDD as part of its fiscal year 2024 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 \$8,786,500 from the State of Delaware to support fiscal year 2024 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.
- **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. During fiscal year 2024, the Authority received a Federal Home Loan Bank of Pittsburgh allocation of \$500,000 from its Home 4 Good Program. COH approved a matching contribution of \$575,000 from the Housing Development Fund.
- **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.

- **Land Bank Loan Program** - The fund 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. During the Fiscal Year 2023, the COH approved a \$5,000,000 contribution to the program from the Housing Development Fund.
- **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. DSHA received \$4,000,000 from the State of Delaware to operate the program for the year ended June 30, 2024. 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 \$2,000,000 from the Delaware Sustainable Energy Utility during fiscal year 2021 and 2023, 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.
- **Korey Thompson Student Emergency Housing Assistance Fund (SEHAF)** - The SEHAF was created by the State of Delaware General Assembly for the benefit of housing insecure undergraduate students at any college or university in Delaware. DSHA has developed the eligibility criteria, application process, appropriate limitations on assistance, and a method of distribution.
- **Down Payment Assistance Program (DPA)** - The Down Payment Assistance Program was created to provide second mortgage assistance loans to qualified homebuyers with funds provided by DSHA's State Supplemental Fund. The Assistance Program includes Home Sweet Home Down Payment Assistance Loans and Delaware Diamonds Down Payment Assistance Loans. These two assistance programs provide second-mortgage loans of up to \$12,000 and \$10,000, respectively. Each year the homeowner(s) resides in the subject property as their primary residence the loan balance will be forgiven by 10% up to year 10 at which the loan will be fully forgiven. The State Supplemental Fund granted \$10,000,000 in funding to the Down Payment Assistance Program in Fiscal Year 2024.

### **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 (NFMCC) - 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, and 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.
- **CARES Act Funding - HUD** - During the years ended June 30, 2022 and 2021 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>\$ 9,799,868</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. During the year ended June 30, 2022, the U.S. Treasury required DSHA to return \$73,983,611 of unexpended funding for reallocation.
  - 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 received \$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.

- **American Rescue Plan Act** - The American Rescue Plan Act was funded by an allocation of State and Local Fiscal Recovery Funds from the State of Delaware. This grant created the following programs:
  - Catalyst Fund - The Catalyst Fund promotes neighborhood revitalization and an equitable recovery by providing developers with gap funding to renovate vacant homes and/or build new homes on vacant land, for sale to homeowners.
  - Mixed Income Market Fund – The fund is designed to accelerate the production of affordable rental units to households with incomes at or below 65% AMI by providing favorable construction and permanent financing terms to create affordable units in planned market rate rental development.
  - Accelerator and Preservation Fund – The Fund will provide up to \$35,000/unit of financing to the highest scoring 4% low-income housing tax credit projects.
  - Market Pressure Relief Fund – \$9 Million of assistance has been made available for cost overruns caused by current market conditions.

#### **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.

#### **Accounting Pronouncement Adopted**

Effective July 1, 2023, the Authority adopted GASB Statement No. 100 *Accounting Changes and Error Corrections*.

#### **Impact of Future Accounting Pronouncements**

In 2022, GASB issued Statement No. 101 *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave

accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

In 2023, GASB issued Statement No. 102 *Certain Risk Disclosures* - This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

In 2024, GASB issued Statement No. 103 *Financial Reporting Model Improvements* - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The improvements target management's discussion and analysis (MD&A); unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses and changes in fund net position; major component unit information; and budgetary information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In 2024, GASB issued Statement No. 104 *Disclosure of Certain Capital Assets* - This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

## **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 \$49,915 has been established for tenant accounts receivable in the business-type activities and the Federal Programs Enterprise Fund as of June 30, 2024. 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, 2024 was \$6,368,915 in the Housing Development Fund, governmental activity and major governmental fund; and \$5,464,060 in the HOME Investment Partnership Program, a business-type activity and Federal Programs Enterprise Fund. The allowance amount is calculated based on 66% of accrued interest on loans with a 3% interest rate which is anticipated to be granted in the future.

An allowance for doubtful accounts is recorded for loans from the Housing Development Fund and the HOME Investment Partnership 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, 2024, an allowance for doubtful accounts equals to 90% of the forgivable loans outstanding was recorded in the Housing Development Fund and is the amount that the Authority anticipates will be converted to grants in the future. The allowance as of June 30, 2024, was \$1,678,214 in the Housing Development Fund. The allowance as of June 30, 2024, was \$628,716 in the HOME Investment Partnership Fund.

### **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 assets 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 Liability**

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, HTF, 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.

As of June 30, 2024, the investments held in Escrow Deposits had a total cost of \$60,895,998 and a fair market value of \$59,745,347. Total Escrow Deposits due to borrowers totaled \$60,617,258. In accordance with the terms of the related Escrow Deposit contracts, disbursement of funds are subject to DSHA's approval and full disbursement requires the payoff of the related loan(s). DSHA expects to hold all investments until maturity and has determined the risk of loss on the Escrow Deposit operations to be remote.

### 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. The following summarizes the nonspendable balances as of June 30, 2024:

Interfund receivables	\$ 7,159,435
Mortgages receivable, net	60,839,795
Accrued interest & other receivables	10,577,053
Prepaid items	144,372
Deferred Inflow	<u>(390,353)</u>
Total nonspendable	<u>\$ 78,330,302</u>

- **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. As of June 30, 2024, \$24,224,258 of investments were available for program investment.

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 Director of 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 11 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, 2024, is as follows:

	General Fund	Housing Development Fund	Downtown Development Districts Grant Fund	State Rental Assistance Program	Nonmajor Governmental Funds	Total Governmental Funds
spendable:						
eral Fund	\$ 78,330,302	\$ -	\$ -	\$ -	\$ -	\$ 78,330,302
Total nonspendable	78,330,302	-	-	-	-	78,330,302
stricted:						
sing Development	-	275,723,793	-	-	-	275,723,793
ntown Development Districts	-	-	28,166,259	-	-	28,166,259
tal Assistance	-	-	-	7,795,446	-	7,795,446
closure Prevention and	-	-	-	-	26,841,479	26,841,479
sing Rehabilitation	-	-	-	-	408,112	408,112
rdable Housing	-	-	-	-	5,017,196	5,017,196
gage Assistance	-	-	-	-	32,343,663	32,343,663
rgy Conservation in	-	-	-	-	-	-
Affordable Multifamily	-	-	-	-	-	-
Housing Loan Fund	-	-	-	-	2,000,000	2,000,000
hborhood Revitalization	-	-	-	-	17,334,124	17,334,124
r Purposes	-	-	-	-	-	-
Total Restricted	-	275,723,793	28,166,259	7,795,446	83,944,574	395,630,072
mitted:						
eral Fund	34,132,841	-	-	-	-	34,132,841
sing Development	-	47,532,066	-	-	-	47,532,066
Total committed	34,132,841	47,532,066	-	-	-	81,664,907
igned:						
r Purposes	-	-	-	-	19,643	19,643
Total assigned	-	-	-	-	19,643	19,643
ssigned:	-	-	-	-	(1,569)	(1,569)
il Fund Balance	\$ 112,463,143	\$ 323,255,859	\$ 28,166,259	\$ 7,795,446	\$ 83,962,648	\$ 555,643,355

## 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, 2023, 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 \$3,828,004 difference are as follows:

Capital assets	\$ 7,041,548
Less: Accumulated depreciation & amortization	(3,213,544)
Net capital asset adjustment	<u>\$ 3,828,004</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 \$(2,996,987) difference are as follows:

Compensated absences	\$ (867,595)
Lease liability	(126,392)
Sustainable Energy Utility Loan	(2,000,000)
Net long-term liabilities adjustment	<u>\$ (2,993,987)</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 \$1,153,436 difference are as follows:

Capital outlay	\$ 1,333,891
Less: Depreciation & amortization expense	(180,455)
Net capital asset adjustment	<u>\$ 1,153,436</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 Maturities (in Years)				
	Fair Value	Less				
Investment type	6/30/2024	than 1	1 to 5	5 to 10	10 to 20	20 to 30
<b>Governmental activities:</b>						
U.S.Treasury Bills	\$ 627,311	\$ 627,311	\$ -	\$ -	\$ -	\$ -
U.S.Treasury Bonds	18,661,111	6,142,654	12,518,457	-	-	-
U.S. Agencies	48,158,533	20,131,347	28,027,186	-	-	-
Corporate Notes	38,821,631	8,243,638	30,577,993	-	-	-
Commercial Paper	7,341,312	7,341,312	-	-	-	-
Money Market Savings Accounts	139,765,956	139,765,956	-	-	-	-
State of Delaware Investment Pool	293,048	293,048	-	-	-	-
Uninvested Principal Cash	3,058,134	3,058,134	-	-	-	-
Securitized Mortgage Loans	4,032,492	-	-	-	3,749,341	283,151
Total Governmental Activities Investments	260,759,528	185,603,400	71,123,636	-	3,749,341	283,151
<b>Business-type activities:</b>						
U.S.Treasury Bills	32,726	32,726	-	-	-	-
U.S.Treasury Bonds	3,828,668	1,359,936	2,468,732	-	-	-
U.S. Agencies	8,498,389	4,510,092	3,988,297	-	-	-
Corporate Notes	6,856,099	1,433,732	5,422,367	-	-	-
Commercial Paper	1,027,817	1,027,817	-	-	-	-
Money Market Savings Accounts	51,482,216	51,482,216	-	-	-	-
Money Market Funds	131,138,079	131,138,079	-	-	-	-
State of Delaware Investment Pool	53	53	-	-	-	-
Uninvested Principal Cash	37,244	37,244	-	-	-	-
Securitized Mortgage Loans	97,017,255	-	-	-	18,712,771	78,304,484
Total Business-type Activities Investments	299,918,546	191,021,895	11,879,396	-	18,712,771	78,304,484
Total Entity-wide Investments	\$ 560,678,074	\$ 376,625,295	\$83,003,032	\$ -	\$ 22,462,112	\$ 78,587,635
<b>Fiduciary Fund Investments:</b>						
U.S.Treasury Bonds	\$ 3,539,765	\$ 308,825	\$ 3,230,940	\$ -	\$ -	\$ -
U.S. Agencies	5,752,108	1,601,408	4,150,700	-	-	-
Corporate Notes	6,087,014	1,164,302	4,922,712	-	-	-
Money Market Savings Accounts	120,811	120,811	-	-	-	-
Mortgage Loan Receivable	1,033,889	-	-	-	-	1,033,889
Total Fiduciary Fund Investments	\$ 16,533,587	\$ 3,195,346	\$12,304,352	\$ -	\$ -	\$ 1,033,889

## 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 \$1,033,889 which the Authority, in the event of loan default, has guaranteed. Additionally, the following investments held the Fiduciary Fund exceed 5% of total investments held:

Issuer	Amount
Pricoa Global Funding Bonds	\$ 1,056,618
Federal Farm Credit Bank	1,581,319
Federal Home Loan Bank	2,088,917
Federal National Mortgage Association	1,961,703
Massmutual Global Fund	1,199,120

As of June 30, 2024, 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	
<b>Governmental activities:</b>									
U.S.Treasury Bills	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627,311
U.S.Treasury Bonds	-	-	-	-	-	-	-	-	18,661,111
U.S. Agencies	-	-	-	-	-	-	47,370,676	-	787,857
Corporate Notes	-	-	494,360	647,866	24,073,986	5,864,397	6,101,776	1,639,246	-
Commercial Paper	2,599,798	4,741,514	-	-	-	-	-	-	-
Securitized Mortgage Loans	-	-	-	-	-	-	-	-	4,032,492
<b>Business-type activities:</b>									
U.S.Treasury Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,828,668
U.S. Agencies	-	-	-	-	-	-	8,051,469	-	479,646
Corporate Notes	545,593	482,224	-	-	4,496,190	580,195	1,779,714	-	-
Securitized Mortgage Loans	-	-	-	-	-	-	-	-	97,017,255
U.S.Treasury Bills	-	-	-	-	-	-	-	-	32,726
<b>Fiduciary Fund:</b>									
U.S.Treasury Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,539,765
U.S. Agencies	599,694	-	-	-	-	-	5,152,414	-	-
Corporate Notes	329,841	-	-	-	3,771,657	1,985,516	-	-	-

### **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, 2024, of \$244,892,464 was collateralized by securities pledged and identified as held in the Authority's name totaling \$229,870,758. Bank and saving money markets of \$11,036,887 were secured by an Irrevocable Standby Letter of Credit of \$12,500,000 through October 10, 2024, issued by the Federal Home Loan Bank of Pittsburgh. Deposits totaling \$17,378,356 were uninsured or uncollateralized as of June 30, 2024.

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.

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 \$459,628,327 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 6/30/2024	Quoted Process in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Governmental activities:</b>				
U.S.Treasury Bills	\$ 627,311	\$ 627,311	\$ -	\$ -
U.S.Treasury Bonds	18,661,111	18,661,111	-	-
U.S. Agencies	48,158,533	48,158,533	-	-
Corporate Notes	38,821,631	38,821,631	-	-
Commercial Paper	7,341,312	7,341,312	-	-
Money Market Bank Accounts	-	-	-	-
Money Market Savings Accounts	139,765,956	139,765,956	-	-
State of Delaware Investment Pool	293,048	293,048	-	-
Uninvested Principal Cash	3,058,134	3,058,134	-	-
Securitized Mortgage Loans	4,032,492	4,032,492	-	-
Total Governmental Activities Investments	260,759,528	260,759,528	-	-
<b>Business-type activities:</b>				
U.S.Treasury Bills	32,726	32,726	-	-
U.S.Treasury Bonds	3,828,668	3,828,668	-	-
U.S. Agencies	8,498,389	8,498,389	-	-
Corporate Notes	6,856,099	6,856,099	-	-
Commercial Paper	1,027,817	1,027,817	-	-
Money Market Bank Accounts	-	-	-	-
Money Market Savings Accounts	51,482,216	51,482,216	-	-
Money Market Funds	131,138,079	131,138,079	-	-
State of Delaware Investment Pool	53	53	-	-
Uninvested Principal Cash	37,244	37,244	-	-
Securitized Mortgage Loans	97,017,255	97,017,255	-	-
Total Business-type Activities Investments	299,918,546	299,918,546	-	-
Total Entity-wide Investments	\$ 560,678,074	\$ 560,678,074	\$ -	\$ -
<b>Fiduciary Fund Investments:</b>				
U.S.Treasury Bonds	\$ 3,539,765	\$ 3,539,765	\$ -	\$ -
U.S. Agencies	5,752,108	5,752,108	-	-
Corporate Notes	6,087,014	6,087,014	-	-
Money Market Savings Accounts	120,811	120,811	-	-
Mortgage Receivable	1,033,889	-	-	1,033,889
Total Fiduciary Fund Investments	\$ 16,533,587	\$ 15,499,698	\$ -	\$ 1,033,889

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, 2024.

## B. Receivables

Total receivables as of June 30, 2024, are as follows:

Receivables	Governmental Activities	Business-type Activities	Total
Mortgage loans	\$ 276,221,144	\$ 79,520,678	\$ 355,741,822
Accrued interest	50,744,714	18,982,874	69,727,588
Other receivables	2,733,038	437,523	3,170,561
Grants receivable	-	308,420	308,420
Total receivables	329,698,896	99,249,495	428,948,391
Allowance for doubtful accounts	(25,490,427)	(6,658,618)	(32,149,045)
Total receivables, net	\$ 304,208,469	\$ 92,590,877	\$ 396,799,346
Amounts not scheduled for collection during the subsequent year	\$ 298,949,511	\$ 91,616,887	\$ 390,566,398

### Mortgage loans receivable

A summary of mortgage loans receivable as of June 30, 2024, is shown below:

#### Governmental Activities:

General Fund	\$ 64,768,936
Housing Development Fund	173,195,454
Non-major governmental funds	38,256,754
Mortgage loans receivable, governmental activities	276,221,144
Less: Allowance for doubtful accounts	(17,316,710)
Net mortgage loan receivables, governmental activities	258,904,434

#### Business-type Activities:

Single Family Programs Fund	2,518,785
Federal Programs Fund	77,001,893
Mortgage loans receivable, business-type activities	79,520,678
Less: Allowance for doubtful accounts	(1,194,316)
Net mortgage loan receivables, business-type activities	78,326,362

<b>Total mortgage loans receivable, net</b>	<b>\$ 337,230,796</b>
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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 0% to 8% 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, 2024, are as follows:

	Governmental Activities			Business-type Activities		
	General Fund	Housing Development Fund	Nonmajor Governmental Funds	Federal Programs	Single Family Programs	Total
Loan interest	\$ 8,554,243	\$ 26,323,358	\$ 7,678,397	\$ 13,143,845	\$ 374,726	\$ 56,074,569
Investment interest	179,794	707,765	-	-	209,076	1,096,635
HDF projects	806,884	-	-	-	-	806,884
Other projects	105,395	-	-	-	-	105,395
Servicers	-	-	17,442	-	1,245	18,687
Tenants, net	-	-	-	101,545	-	101,545
Other	930,737	-	20	125,658	-	1,056,415
Total	<u>\$ 10,577,053</u>	<u>\$ 27,031,123</u>	<u>\$ 7,695,859</u>	<u>\$ 13,371,048</u>	<u>\$ 585,047</u>	<u>\$ 59,260,130</u>

### C. Accounts payable

Accounts payables as of June 30, 2024, are as follows:

	Governmental Activities			Business-type Activities		
	General Fund	Housing Development Fund	Nonmajor Governmental Funds	Federal Programs	Single Family Programs	Total
Vendors	\$ 282,636	\$ 50,918	\$ 32,407	\$ 1,828,942	\$ 5,044	\$ 2,199,947
Salaries	238,217	-	-	126,327	-	364,544
Security deposits	-	-	-	117,128	-	117,128
Total	<u>\$ 520,853</u>	<u>\$ 50,918</u>	<u>\$ 32,407</u>	<u>\$ 2,072,397</u>	<u>\$ 5,044</u>	<u>\$ 2,681,619</u>

## D. Capital assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance		Ending Balance	
	June 30, 2023	Increases	Decreases	June 30, 2024
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 572,769	\$ -	\$ -	\$ 572,769
Construction in Progress	138,479	240,371	138,479	240,371
Total capital assets, not being depreciated	711,248	240,371	138,479	813,140
Capital assets, being depreciated:				
Buildings	3,536,878	701,242	-	4,238,120
Land/Site Improvements	211,928	278,139	-	490,067
Computer Equipment	585,914	252,618	-	838,532
Equipment	451,405	-	-	451,405
Building Lease	210,284	-	-	210,284
Total capital assets being depreciated	4,996,409	1,231,999	-	6,228,408
Less accumulated depreciation/amortization for:				
Buildings	1,734,776	129,127	-	1,863,903
Land/Site Improvements	211,928	9,271	-	221,199
Computer Equipment	585,914	-	-	585,914
Equipment	451,405	-	-	451,405
Building Lease	49,066	42,057	-	91,123
Total accumulated depreciation/amortization	3,033,089	180,455	-	3,213,544
Total capital assets, being depreciated, net	1,963,320	1,051,544	-	3,014,864
Governmental activities capital assets, net	\$ 2,674,568	\$ 1,291,915	\$ 138,479	\$ 3,828,004
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 937,559	\$ -	\$ -	\$ 937,559
Construction in Progress	38,518	789,618	708,740	119,396
Total capital assets, not being depreciated	976,077	789,618	708,740	1,056,955
Capital assets, being depreciated:				
Buildings	15,269,048	-	-	15,269,048
Land/Site Improvements	18,082,798	615,510	16,115	18,682,193
Vehicles	155,208	-	-	155,208
Building Lease	446,851	-	-	446,851
Equipment	1,464,509	-	-	1,464,509
Right to Use Intangible Asset	639,037	-	-	639,037
Total capital assets being depreciated	36,057,451	615,510	16,115	36,656,846
Less accumulated depreciation/amortization for:				
Buildings	14,603,880	177,100	-	14,780,980
Land/Site Improvements	15,924,908	350,706	-	16,275,614
Vehicles	154,715	493	-	155,208
Building Lease	104,265	89,371	-	193,636
Equipment	1,151,069	156,150	-	1,307,219
Right to Use Intangible Asset	306,205	306,205	-	612,410
Total accumulated depreciation/amortization	32,245,042	1,080,025	-	33,325,067
Total capital assets, being depreciated, net	3,812,409	(464,515)	16,115	3,331,779
Business-type activities capital assets, net	\$ 4,788,486	\$ 325,103	\$ 724,855	\$ 4,388,734

Depreciation and amortization expense of \$138,398 and \$42,057, respectively, was charged to the administrative function in the governmental activities. Depreciation and amortization expense of \$684,449 and \$395,576, respectively, 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.

## E. Interfund transactions

The composition of interfund balances as of June 30, 2024, is as follows:

Due to:	Governmental Activities			Business-type Activities			Total
	General Fund	Housing Development Fund	Nonmajor Governmental Funds	Federal Programs	Single Family Programs		
<b>Current:</b>							
General Fund	\$ -	\$ -	\$ 407,469	\$ 303,807	\$ 1,569,333	\$	2,280,609
Housing Development Fund	-	-	-	-	-	-	-
Nonmajor Govt Funds	-	-	-	-	-	-	-
Federal Programs	19,170	-	-	-	-	-	19,170
Total	\$ 19,170	\$ -	\$ 407,469	\$ 303,807	\$ 1,569,333	\$	2,299,779
<b>Non-current:</b>							
General Fund	\$ -	\$ 100	\$ -	\$ 4,878,677	\$ 50	\$	4,878,827
Federal Programs	22,632	-	-	-	-	-	22,632
Total	\$ 22,632	\$ 100	\$ -	\$ 4,878,677	\$ 50	\$	4,901,459

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 as well as funds committed to Nonmajor Governmental Funds from the General Fund.

The non-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.

Interfund transfers for the year ended June 30, 2024, 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		
<b>Transfers out:</b>							
General Fund	\$ -	\$ -	\$ 33,530	\$ 3,100	\$ 5,884,370	\$	5,921,000
Housing Development Fund	-	-	-	-	-	-	-
Nonmajor Governmental Funds	126	10,575,000	-	-	-	-	10,575,126
Federal Programs	-	-	-	-	-	-	-
Single Family Programs	3,200,945	-	6,542,753	-	-	-	9,743,698
Total transfer out	\$ 3,201,071	\$ 10,575,000	\$ 6,576,283	\$ 3,100	\$ 5,884,370	\$	26,239,824

The governmental activities transfers consist of: (1) the General Fund, a major governmental fund, transferred \$3,201,330 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 Housing Development Fund, a major governmental fund, transferred \$575,000 to the Home 4 Good Program, a governmental activity and nonmajor governmental fund, in support of the program's objective to provide affordable housing; (3) DSHA SMAL, a governmental activity and non-major governmental fund, transferred \$6,542,753 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; (4) Within business-type activities, Single Family Programs reported cash transfers consisting mainly of the transfer of assets released from bond covenants due to the calling of outstanding bonds during the year. These transfers to the General Fund totaled \$5,884,370.

## F. Short-term and long-term debt

Short-term and long-term debt activity for the year ended June 30, 2024, was as follows:

	Beginning Balance June 30, 2023	Increases	Decreases	Ending Balance June 30, 2024	Due Within One Year
<b>Governmental activities:</b>					
Leases, related to the General Fund	\$ 165,471	\$ -	\$ 39,079	\$ 126,392	\$ 42,394
Sustainable Energy Utility Loan Fund (non-major fund)	2,000,000	-	-	2,000,000	1,000,000
Compensated absences, relating to the General Fund	906,183	679,245	673,747	911,681	44,086
State of Delaware Pension	149,606		54,578	95,028	-
State of Delaware OPEB	898,292	-	415,684	482,608	-
DSHA OPEB	(900,233)	-	1,387,846	(2,288,079)	-
Governmental activity long-term liabilities	<u>\$ 3,219,319</u>	<u>\$ 679,245</u>	<u>\$ 2,570,934</u>	<u>\$ 1,327,630</u>	<u>\$ 1,086,480</u>
<b>Business-type activities:</b>					
Leases, related to the Federal Programs Fund	\$ 351,627	\$ -	\$ 83,044	\$ 268,583	\$ 90,088
Subscription Payable, Related to the Federal Programs Fund	264,038	-	264,038	-	-
Compensated absences, relating to the Federal Programs Fund	421,692	290,944	358,186	354,450	35,811
Subtotal	<u>1,037,357</u>	<u>290,944</u>	<u>705,268</u>	<u>623,033</u>	<u>125,899</u>
Revenue bonds payable, Single Family Programs Fund Bond Premium, Single Family Programs Fund	21,275,568	200,000,000	2,082,879	219,192,689	1,272,190
	-	7,367,350	-	7,367,350	585,620
Revenue bonds payable	<u>21,275,568</u>	<u>207,367,350</u>	<u>2,082,879</u>	<u>226,560,039</u>	<u>1,857,810</u>
Business-type activity long-term liabilities	<u>\$ 22,312,925</u>	<u>\$ 207,658,294</u>	<u>\$ 2,788,147</u>	<u>\$ 227,183,072</u>	<u>\$ 1,983,709</u>

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 2.60% to 6.00% with maturities of such bonds up through January 1, 2055.

On February 27, 2024, the Authority issued \$75,000,000 Single Family Mortgage Revenue Bonds 2024 Series A to provide funds for the financing of single family loans to qualified borrowers and for the financing of second mortgage loans to qualifying borrowers for the purchase of single family residential housing. The bonds were sold at a premium of \$3,173,700.

On May 7, 2024, the Authority issued \$125,000,000 Single Family Mortgage Revenue Bonds 2024 Series B to provide funds for the financing of single family loans to qualified borrowers and for the financing of second mortgage loans to qualifying borrowers for the purchase of single family residential housing. The bonds were sold at a premium of \$4,193,650.

### **Federal Home Loan Bank (FHLB) Line of Credit**

DSHA has a collateralized line of credit with the FHLB of Pittsburgh. For fiscal year 2024, 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 years ended June 30, 2023 and 2021, the Authority received a funding advance for this program in the form of a \$2,000,000 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. As of June 30, 2024, the Authority had received repayments from projects of \$1,000,000 that were due to be returned to SEU during the year ended June 30, 2025.

### **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, 2024, thirteen issues with debt of \$82,020,382 are outstanding.

### **Interest Expense on Long-Term Debt**

Interest expense of \$2,822,042 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 \$2,822,042 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
2025	\$ 1,272,190	\$12,823,137	\$14,095,327
2026	2,855,000	10,462,103	13,317,103
2027	2,990,000	10,342,931	13,332,931
2028	3,130,000	10,216,851	13,346,851
2029	3,285,000	10,082,944	13,367,944
2030-2034	19,065,000	48,070,828	67,135,828
2035-2039	24,645,000	43,142,792	67,787,792
2040-2044	44,766,264	35,989,883	80,756,147
2045-2049	50,169,235	25,066,020	75,235,255
2050-2055	67,015,000	11,601,484	78,616,484
Totals	\$ 219,192,689	\$ 217,798,973	\$ 436,991,662

## Capital Leases

On May 1, 2022, the Authority entered into a lease agreement for the rental of office space located in Dover, Delaware. The agreement expires in 60 full months and contains a renewal option for another 60 months. As of June 30, 2024, the Authority does not plan to exercise this option. The total amount payable at the date of commencement was \$657,134. No interest rate was specified in the lease agreement. For financial statement purposes the Authority has used the current prime rate as of the date of measurement of 4.75%.

The lease is allocated between the governmental activities and business-type activities based on the ratio of employees utilizing the leased space.

Annual principal and interest lease liability service requirements for governmental activities are as follows:

### Governmental Activities:

Fiscal Year	Principal		Interest		Total	
2025	\$	42,394	\$	5,232	\$	47,626
2026		45,913		3,142		49,055
2027		38,085		898		38,983
Totals	\$	126,392	\$	9,272	\$	135,664

Annual principal and interest lease liability service requirements for business-type activities are as follows:

### Business Type Activities:

Fiscal Year	Principal		Interest		Total	
2025	\$	90,088	\$	11,117	\$	101,205
2026		97,565		6,677		104,242
2027		80,930		1,908		82,838
Totals	\$	268,583	\$	19,702	\$	288,285

## Subscription-based Information Technology Arrangements

On July 21, 2021, the Authority entered an agreement with Yardi Systems, Inc. for Yardi Mortgage Relief Software and Rent Relief Software. This Yardi software processes and manages client assistance paid by the Emergency Rental Assistance and Homeowner Assistance Fund programs. The agreement requires the payment of the greater of the minimum payments summarized below or 2% of client assistance processed using the software. The calculation of the SBITA liability is based upon the minimum payments. The total cost of the Emergency Rental Assistance and Homeowner Assistance Fund was \$692,315 and \$653,779, respectively. During the year ended June 30, 2024, these contracts were extended on a year-to-year basis.

For financial statement purposes the Authority has used the prime rate in effect as of the initial measurement date of 4.75%.

On March 19, 2024, the Authority entered a five-year agreement with Yardi Systems, Inc. for Yardi Voyager Select PHA Property Management Software. The agreement was amended on May 6, 2024. This Yardi software is used to manage public housing sites and tenants. The amended agreement requires a minimum annual fee of \$125,259. The service is expected to be implemented in fiscal year 2025.

## 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 2013 Series A, 2018 Series A, 2024 Series A, and 2024 Series B. The fund also accounts for the DSHA Mortgage Backed Securities Purchase Program.

CONDENSED STATEMENT OF NET POSITION - SINGLE FAMILY PROGRAMS FUND SEGMENTS  
JUNE 30, 2024

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2024B	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
Assets			
Current assets	\$ 131,175,310	\$ 37,881,661	\$ 169,056,971
Non-current assets	99,735,766	8,315,230	108,050,996
Total assets	230,911,076	46,196,891	277,107,967
Liabilities			
Current liabilities	4,088,097	44	4,088,141
Current interfund payables	1,567,838	1,545	1,569,383
Non-current liabilities	224,702,229	-	224,702,229
Total liabilities	230,358,164	1,589	230,359,753
Deferred inflow of resources			
Deferred amount on bond refunding	1,463,062	-	1,463,062
Total deferred inflow of resources	1,463,062	-	1,463,062
Net position, restricted	-	46,195,302	46,195,302
Net position, unrestricted	(910,150)	-	(910,150)
Total Net position	\$ (910,150)	\$ 46,195,302	\$ 45,285,152

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - SINGLE  
FAMILY PROGRAMS FUND SEGMENTS  
FOR THE YEAR ENDED JUNE 30, 2024

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2024B	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
Operating revenues*	\$ 1,314,836	\$ 333,643	\$ 1,648,479
Operating expenses:			
Interest expense on bonds	2,822,042	-	2,822,042
Amortization of deferred expenses	1,841,031	-	1,841,031
Other	10,000	12,959	22,959
Operating income/(loss)	(3,358,237)	320,684	(3,037,553)
Non-operating revenue/(expenses):			
Investment income	1,368,293	4,244,452	5,612,745
Change in Fair Value of Investments	(2,618,140)	152,192	(2,465,948)
Transfers in/(out)	4,781,844	(922,516)	3,859,328
Change in net position	173,760	3,794,812	3,968,572
Beginning net position	(1,083,910)	42,400,490	41,316,580
Ending net position	\$ (910,150)	\$ 46,195,302	\$ 45,285,152

\*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, 2024

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2024B	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
Net cash provided (used) by:			
Operating activities	\$ (79,489,449)	\$ 300,668	\$ (79,188,781)
Noncapital financing activities	209,232,097	(992,431)	208,239,666
Investing activities	(129,742,597)	(2,592,821)	(132,335,418)
Net increase/(decrease)	51	(3,284,584)	(3,284,533)
Beginning cash and cash equivalents	12,367	6,533,264	6,545,631
Ending cash and cash equivalents	\$ 12,418	\$ 3,248,680	\$ 3,261,098

**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's annual insurance premiums have ranged between \$231,348 and \$387,147. 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, 2024, HCHC, LCPLP, and MPHLP are under agreements with the Authority for the management of their operations. For the Year Ended June 30, 2024, HCHC paid management fees to the Authority totaling \$34,068 and labor charges totaling \$151,054. LCPLP paid management fees to the Authority totaling \$78,692 and labor charges, totaling \$264,710. MPHLP paid management fees to the Authority totaling \$122,010 and labor charges totaling \$214,957.



As of June 30, 2024, HCHC, WVHC, LCPLP, and MPHLP were indebted to the Authority for Housing Development Fund loans (including accrued interest) in the amounts of \$2,461,559, \$1,917,165, \$1,564,571, and \$3,000,000 respectively. WVHC, LCPLP and MPHLP were also indebted to the Authority for HOME loans in the amount \$1,645,216, \$2,193,656, and \$1,007,192, respectively. WVHC was indebted to the General Fund for a construction loan in the amount of \$75,820. LCPLP and MPHLP were indebted to the General Fund for permanent loans and the related accrued interest in the amount of 4,797,288 and \$8,039,404, respectively.

For the year ended June 30, 2024, Section 8 Contract Administration housing assistance payments totaling \$579,986 from the HUD passed through the Authority to HCHC and the Authority's Moving to Work Program passed RAD housing assistance payments totaling \$767,799 and \$1,091,446, respectively, through to LCPLP and MPHLP.

For the year end June 30, 2024 the Authority made other contributions to LCPLP and MPH totaling \$12,544 and \$28,770, respectively.

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, 2024, the Authority's business-type activities received 78.7% percent of its revenue from the U.S. Department of Housing and Urban Development and 19.6% from the U.S. Department of the Treasury.

#### D. Post-retirement health care benefits

The Authority's aggregate net pension and OPEB liabilities and deferred inflows and outflows of resources are as follows:

	Net Asset	Deferred Outflow	Net Liability	Deferred Inflow	OPEB Expense
State of Delaware OPEB	\$ 2,288,079	\$ 61,616	\$ -	\$ 915,182	\$ (305,367)
Authority OPEB	-	4,014,822	482,609	7,822,958	(1,041,409)
State of Delaware Pension	-	-	95,028	-	-
	<u>\$ 2,288,079</u>	<u>\$ 4,076,438</u>	<u>\$ 577,637</u>	<u>\$ 8,738,140</u>	<u>\$ (1,346,776)</u>

Other postemployment benefit expense for the year ended June 30, 2024, was \$(1,346,776).

#### 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, 2021. 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](https://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, 2023, 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. OPEB contributions are generally funded by the General Fund.

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 2024, the Authority's contribution was 16.59% of covered payroll and totaled \$26,497.

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, 2024, the Authority reported a liability of \$482,609 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2021 to June 30, 2023. 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, 2023, measurement, the Authority's proportion was 0.0059%.

For the year ended June 30, 2024, the Authority recognized OPEB income of \$331,864. As of June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB as follows:

	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 8,708	\$ 46,820
Changes in assumptions	51,044	111,793
Changes in proportion	-	756,569
Differences between expected and actual net investment income	1,864	-
Total	<u>\$ 61,616</u>	<u>\$ 915,182</u>

The Authority's share of net deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows for the year ending June 30:

2024	\$ (121,787)
2025	(115,715)
2026	(134,642)
2027	(130,365)
2028	(130,515)
Thereafter	<u>(220,542)</u>
	<u>\$ (853,566)</u>

10. Actuarial Assumptions - The collective total OPEB liability as of June 30, 2023, measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total OPEB liability to June 30, 2023. 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 - 3.54% at the beginning of the period and 3.82% at the end of the period.

Projected Salary Increases - 3.25% plus merit.

Healthcare Cost Trend Rate - Blended rate of 7.00% for 2022 decreasing to an ultimate rate of 3.94% for 2041.

Mortality rates were based on the sex-distinct employee, healthy annuitant, and disabled annuitant mortality tables derived from the Pub-2010 General Benefits Weighted Annuitant 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 2021 and covering the period July 1, 2015 through June 30, 2020. 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, 2023 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Ten Year Average Asset Allocation
Domestic Equity	5.7%	33.0%
International Equity	5.7%	13.3%
Fixed Income	2.0%	25.9%
Alternative Investments	7.8%	22.1%
Cash and Equivalents	0.0%	5.6%

The discount rate and investment rate of return used to measure the total OPEB liability was 3.54 percent at the beginning of the current measurement period and 3.82 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 employer contributions

will be made at amounts equal to those outlined in Senate Bill 175 (at least 1% of the grand total of all State General Fund operating budget appropriations for the prior fiscal year) as well as 0.36% of covered payroll. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members until approximately 2031. As such, projected benefit payments are discounted at the long-term expected return on assets of 7.00% to the extent the fiduciary net position is available to make the payments and the municipal bond rate of 3.65%, based on the Bond Buyer 20-Bond GO Index, thereafter to the extent they are not available. The resulting single equivalent rate used to determine the total OPEB liability as of June 30, 2023 was 3.82%.

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 (2.82 percent) and 1-percentage-point higher (4.82 percent) than the current discount rate:

1% Decrease 2.82%	Current Discount Rate 3.82%	1% Increase 4.82%
\$ 573,256	\$ 482,608	\$ 410,628

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 (7.00 percent decreasing to 6.00 percent) and 1-percentage higher (7.00 increasing to 8.00 percent) than the current healthcare trend rates:

1% Decrease 6.00%	Current Trend Rate 7.00%	1% Increase 8.00%
\$ 411,179	\$ 482,608	\$ 568,171

### 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, 2023 plan measurement date and the June 30, 2024 employer reporting date as defined by GASBS Nos. 74 and 75, respectively. 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, 2023, there were 96 active plan members, 37 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 \$955,469 for the year ended June 30, 2024. The Authority's OPEB expense for this plan for the year ended June 30, 2024 was \$(1,041,409). The funds are invested according to the Authority's investment policy described in Note IV. A. OPEB contributions are generally funded by the General Fund.
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, 2024 was 4.97%.
4. **Funded Status and Funding Progress** - As of June 30, 2023 measurement (June 30, 2024 employer reporting), the total OPEB liability was \$12,885,415. The plan's fiduciary net position was \$15,173,494, resulting in a net OPEB asset of \$2,288,079. The plan's fiduciary net position as a percentage of the total OPEB liability calculates to 118%.
5. The following schedule summarizes the change in the net pension liability for the measurement period ended June 30, 2023 (employer reporting as of June 30, 2024):

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability / (Asset)
June 30, 2022 measurement date and June 30, 2023 reporting date	\$ 13,517,120	\$ 14,417,353	\$ (900,233)
Changes for the year			
Service cost	516,018	-	516,018
Interest	492,851	-	492,851
Differences between expected and actual experience	(807,672)	-	(807,672)
Changes in assumptions	(609,354)	-	(609,354)
Benefit payments	(223,548)	(223,548)	-
Employer contributions	-	911,537	(911,537)
Net investment income	-	79,452	(79,452)
Administrative expense	-	(11,300)	11,300
June 30, 2023 measurement date and June 30, 2024 reporting date	<u>\$ 12,885,415</u>	<u>\$ 15,173,494</u>	<u>\$ (2,288,079)</u>

As of June 30, 2024, 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	\$ 477,108	\$ 2,643,233
Changes in assumptions	1,620,180	5,179,725
Differences between expected and actual net investment income	962,064	-
Contributions made after measurement date	955,470	-
Total	<u>\$ 4,014,822</u>	<u>\$ 7,822,958</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:

2025	\$ (1,288,551)
2026	(916,323)
2027	(616,190)
2028	(905,261)
2029	(876,115)
Thereafter	<u>(161,166)</u>
	<u>\$ (4,763,606)</u>

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, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	3.54%
Discount rate	3.54%
20-Year municipal bond rate	3.54%
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
	7.00% in 2023 decreasing to 4.50% in 2034
	Post-65 trend
	7.75% in 2023 decreasing to 4.50% in 2034
Mortality rate	PUB 2010 "General" Classification projected generationally with Scale MP-2020
Asset method	Fair market value

The following assumptions were updated for the June 30, 2023 measurement:

	June 30, 2023 Measurement	June 30, 2022 Measurement
Discount Rate	3.54%	2.16%
20-Year municipal bond rate	3.54%	2.16%
Ultimate rate of medical inflation		
Pre-65 trend	7.00% in 2021 decreasing to 4.50% in 2034	7.25% in 2021 decreasing to 4.50% in 2034
Post-65 trend	7.75% in 2021 decreasing to 4.50% in 2034	8.00% in 2021 decreasing to 4.50% in 2034
Mortality Rate Scale	MP 2021	MP 2020

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability as of the June 30, 2023 measurement (June 30, 2024 reporting):

	June 30, 2023 Measurement	June 30, 2022 Measurement
Discount Rate	3.54%	2.16%
20-Year municipal bond rate	3.54%	2.16%
Ultimate rate of medical inflation		
Pre-65 trend	7.00% in 2021 decreasing to 4.50% in 2034	7.25% in 2021 decreasing to 4.50% in 2034
Post-65 trend	7.75% in 2021 decreasing to 4.50% in 2034	8.00% in 2021 decreasing to 4.50% in 2034
Mortality Rate Scale	MP 2021	MP 2020

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, 2023	Percent of Portfolio	Long-Term Expected Real Rate of Return
Corporate Notes	\$ 5,421,471	36.1%	1.7%
U.S. Agencies	4,741,196	31.6%	1.7%
U.S. Treasury Notes	3,682,983	24.5%	1.6%
Money Market Savings	13,173	0.1%	0.0%
Commercial Paper	95,759	0.6%	1.6%
Loans Receivable	1,060,384	7.1%	5.0%

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability as of the June 30, 2023 measurement (June 30, 2024 reporting):

	1% Decrease 2.65%	Trend Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$ 15,524,616	\$ 12,885,415	\$ 10,839,954
Plan Fiduciary Net Position	15,173,494	15,173,494	15,173,494
Net OPEB (Asset)/Liability	\$ 351,122	\$ (2,288,079)	\$ (4,333,540)



The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability as of the June 30, 2023 measurement (June 30, 2024 reporting):

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ 10,729,895	\$ 12,885,415	\$ 15,702,952
Plan Fiduciary Net Position	15,173,494	15,173,494	15,173,494
Net OPEB (Asset)/Liability	\$ (4,443,599)	\$ (2,288,079)	\$ 529,458

## 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 employers, 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, 2024, the Authority was required to contribute 12.14% of covered payroll to the plan. The Authority's contribution to the State PERS for the year ended June 30, 2024 was \$19,378, equal to the required contribution for the year. The Authority's contributions to the State PERS for the years ended June 30, 2023 and June 30, 2022, were \$16,354 and \$31,402, respectively, equal to the required contribution for each year. Pension contributions are generally funded by the General Fund.
3. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the Authority reported a net pension liability of \$95,028 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. As of the June 30, 2023 measurement date, the Authority's proportion was 0.0061 percent and 0.0109 percent.

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, 2024, 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	\$ 12,498	\$ -
Net difference to change in proportion	-	72,715
Net difference between projected and actual earnings on plan investments	30,334	-
Changes of assumptions	6,727	-
Contributions made after the measurement date	19,378	-
Total	<u>\$ 68,937</u>	<u>\$ 72,715</u>

The \$19,378 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, 2024.

4. Actuarial Assumptions - The collective total pension liability for the June 30, 2023 measurement date was determined by actuarial valuation as of June 30, 2021 and rolled forward to June 30, 2023. 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	Ad hoc

\*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. 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 assumptions were based on the PUB-2010 mortality tables with gender adjustments for employees, healthy annuitants and disabled retirees as well as an adjusted version on MP-2020 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%	31.8%
International equity	5.7%	15.0%
Fixed income	2.0%	23.6%
Alternative investments	7.8%	21.5%
Cash and equivalents	0.0%	8.1%

**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 (asset) 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
\$	185,288	\$ 95,028	\$ 19,320

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. 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 amortization of the employer specific proportion deferred outflows (inflows) is amortized over six years.

The cumulative amounts of collective net deferred outflows (inflows) of resources reported as of June 30, 2024, will be recognized in pension expense during the years ended June 30, as follows:

2025	\$	(10,187)
2026		(8,221)
2027		26,076
2028		(8,035)
2029		(10,670)
Thereafter		(12,119)
	\$	<u>(23,156)</u>

6. Pension Expense - For the year ended June 30, 2024, the Authority recognized pension income of \$15,833.
7. The components of the pension expense for the year ending June 30, 2024, are as follows:

Service Costs	\$ 14,724
Interest on Total Pension Liability	51,692
Member Contributions	(5,540)
Administrative Expenses	410
Changes in benefit terms	924
Projected Earnings on Plan Investments	(45,284)
Differences between projected and actual earnings on plan investments	(1,977)
Differences between projected and actual experiences with regard to or other inputs in the measurement of total pension liability	4,764
Change in Assumption with regard to factors or other inputs in the measurement of total pension liability	2,242
Net Amortization of deferred amounts from Changes in Proportion	(37,788)
Pension Income	<u>\$ (15,833)</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 Mercer. 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 10.85% of covered payroll for the year ended June 30, 2024. The Authority's contribution to the Housing Renewal and Local Agency Retirement Plan for the year ended June 30, 2024, was \$772,516 equal to the required contribution for the year. The Authority's contributions to the plan for the years ended June 30, 2023 and June 30, 2022, were \$716,504 and \$634,938, 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.

Certain conditions may exist as of the date the financial statements are issued which may result in loss to DSHA, but which only will be resolved when one or more future events occur or fail to occur. DSHA's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against DSHA or unasserted claims that may result in such proceedings, DSHA's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims. DSHA did not accrue loss contingencies with respect to litigation as of June 30, 2024.

#### **G. Subsequent events**

On August 13, 2024, the Authority issued \$100,000,000 Single Family Mortgage Revenue Bonds 2024 Series C to provide funds for the financing of single family loans to qualified borrowers and for the financing of second mortgage loans to qualifying borrowers for the purchase of single family residential housing.

#### **H. Correction of an error**

During the year ended June 30, 2024, the Authority determined a loan of \$1,039,901 from the ARPA Program in the Federal Programs Fund was recorded as grant expense. The Authority corrected the reporting of the loan during the year ended June 30, 2024, resulting in the correction of the items as referenced on the financial statements. The following chart summarizes the restatement of opening net position

<b>Net Position</b>	<b>Originally Reported</b>	<b>Correction</b>	<b>As Restated</b>
Government-Wide			
Business Type Activities	\$ 139,774,876	\$ 1,039,901	\$ 140,814,777
Government-Wide Total	\$ 644,977,847	\$ 1,039,901	\$ 646,017,748
Proprietary Fund			
Federal Programs Enterprise Fund	\$ 98,458,296	\$ 1,039,901	\$ 99,498,197



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, 2024

Actuarial Valuation Date	Proportion of Collective Net Pension Liability	Proportion of Total Pension (Asset)/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
6/30/2023	0.006%	\$ 95,028	\$ 153,672	61.8%	87.6%
6/30/2022	0.011%	\$ 149,606	\$ 231,749	64.6%	88.8%
6/30/2021	0.013%	\$ (156,020)	\$ 256,895	-60.7%	110.5%
6/30/2020	0.013%	\$ 186,376	\$ 279,587	66.7%	87.3%
6/30/2019	0.017%	\$ 267,335	\$ 357,909	74.7%	85.4%
6/30/2018	0.023%	\$ 292,497	\$ 459,368	63.7%	87.5%
6/30/2017	0.038%	\$ 414,818	\$ 493,985	84.0%	85.3%
6/30/2016	0.038%	\$ 571,337	\$ 718,116	79.6%	84.1%
6/30/2015	0.046%	\$ 307,518	\$ 863,020	35.6%	92.7%
6/30/2014	0.048%	\$ 177,377	\$ 878,451	20.2%	95.8%

DELAWARE STATE HOUSING AUTHORITY  
STATE OF DELAWARE EMPLOYEES' PENSION PLAN  
NOTES TO SCHEDULE OF NET PENSION LIABILITY  
AS OF JUNE 30, 2024

Employer Reporting Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Actuarial Valuation Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	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%	7.0%	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	2.5% + Merit	2.5% + Merit	2.5% + Merit	3.5% to 11.5%
Cost-of-living adjustments	0%	0%	0%	0%	0%	0%	0%	0%	Ad hoc
Mortality rates	Pub-2010 mortality tables with gender adjustments for employees, healthy annuitants, and disabled retirees as well as an adjusted version on MP-2020 mortality improvement scale on a fully generational basis.			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, 2024

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
6/30/2024	\$ 19,378	\$ 19,378	\$ -	\$ 153,672	12.61%
6/30/2023	\$ 16,354	\$ 16,354	\$ -	\$ 135,327	12.08%
6/30/2022	\$ 31,402	\$ 31,402	\$ -	\$ 231,749	13.55%
6/30/2021	\$ 34,501	\$ 34,501	\$ -	\$ 256,895	13.43%
6/30/2020	\$ 36,514	\$ 36,514	\$ -	\$ 279,587	13.06%
6/30/2019	\$ 46,063	\$ 46,063	\$ -	\$ 357,909	12.87%
6/30/2018	\$ 46,856	\$ 46,856	\$ -	\$ 459,368	10.20%
6/30/2017	\$ 52,807	\$ 52,807	\$ -	\$ 493,985	10.69%
6/30/2016	\$ 76,982	\$ 76,982	\$ -	\$ 718,116	10.72%
6/30/2015	\$ 91,739	\$ 91,739	\$ -	\$ 863,020	10.63%

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, 2024

Measurement Date Reporting Date	June 30, 2023 June 30, 2024	June 30, 2022 June 30, 2023	June 30, 2021 June 30, 2022	June 30, 2020 June 30, 2021	June 30, 2019 June 30, 2020	June 30, 2018 June 30, 2019	June 30, 2017 June 30, 2018
Beginning OPEB Liability Balance	\$ 13,517,120	\$ 15,985,632	\$ 18,614,876	\$ 14,195,231	\$ 15,280,574	\$ 16,445,290	\$ 17,911,837
Service Cost	516,018	659,808	1,017,904	673,326	677,546	776,605	937,606
Interest Cost	492,851	357,623	432,031	519,593	615,235	614,727	535,772
Difference Between Expected and Actual Experience	(807,672)	671,450	(2,013,082)	(118,539)	(1,413,621)	(1,186,338)	(39,636)
Change in assumptions	(609,354)	(3,978,707)	(1,897,429)	3,477,124	(842,173)	(1,267,300)	(2,798,750)
Benefit payments	(223,548)	(178,686)	(168,668)	(131,859)	(122,330)	(102,410)	(101,539)
Ending OPEB Liability Balance	\$ 12,885,415	\$ 13,517,120	\$ 15,985,632	\$ 18,614,876	\$ 14,195,231	\$ 15,280,574	\$ 16,445,290
Beginning Plan Fiduciary Net Position	\$ 14,417,353	\$ 9,795,695	\$ 9,123,931	\$ 8,088,704	\$ 7,096,300	\$ 6,446,869	\$ 5,767,009
Benefit payments	(223,548)	(178,686)	(168,668)	(131,859)	(122,330)	(102,410)	(101,539)
Employer contributions	911,537	5,500,260	778,725	784,124	748,852	713,293	732,138
Net Investment Income	79,452	(686,006)	71,607	392,662	375,182	50,598	58,061
Administrative expense	(11,300)	(13,910)	(9,900)	(9,700)	(9,300)	(12,050)	(8,800)
Ending Plan Fiduciary Net Position	15,173,494	14,417,353	9,795,695	9,123,931	8,088,704	7,096,300	6,446,869
Net OPEB Liability	\$ (2,288,079)	\$ (900,233)	\$ 6,189,937	\$ 9,490,945	\$ 6,106,527	\$ 8,184,274	\$ 9,998,421
Covered-Employee Payroll	\$ 4,783,109	\$ 3,957,131	\$ 5,009,664	\$ 4,759,353	\$ 4,612,790	\$ 4,350,000	\$ 4,350,000
Net OPEB Liability as a Percentage of Payroll	-47.84%	-22.75%	123.56%	199.42%	132.38%	188.14%	229.85%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	117.76%	106.66%	61.28%	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, 2024

Valuation date Measurement date	July 1, 2023 June 30, 2023	July 1, 2022 June 30, 2022	July 1, 2021 June 30, 2021	July 1, 2020 June 30, 2020	July 1, 2019 June 30, 2019	July 1, 2018 June 30, 2018	July 1, 2016 June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Actuarial Assumptions:							
Investment Rate of Return	3.65%	3.54%	2.16%	2.21%	3.51%	3.87%	3.00%
Discount Rate	3.65%	3.54%	2.16%	2.21%	3.51%	3.87%	2.85%
20 Year Municipal Bond Rate	3.65%	3.54%	2.16%	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%	2.00%	2.00%	2.00%
Ultimate Rate of Medical Inflation							
Pre-65 Trend	7.00% in 2023 decreasing to 4.50% in 2034	7.25% in 2022 decreasing to 4.50% in 2034	7.00% in 2021 decreasing to 4.50% in 2034	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	6.75% in 2023 decreasing to 4.50% in 2034	8.00% in 2022 decreasing to 4.50% in 2034	6.75% in 2021 decreasing to 4.50% in 2034	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-2021	PUB-2010, "General" Classification projected generationally with Scale MP-2021	PUB-2010, "General" Classification projected generationally with Scale MP-2020	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	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, 2024

Fiscal Year End Date	Actuarially Determined Contribution	Contributions Recognized by Plan	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Payroll	Rate of Return
6/30/2024	\$ 599,833	\$ 955,470	\$ 355,637	\$ 5,541,961	17.24%	3.65%
6/30/2023	534,285	911,537	(377,252)	4,783,109	19.06%	3.54%
6/30/2022	956,558	5,500,260	(4,543,702)	3,957,131	139.00%	2.16%
6/30/2021	1,476,504	778,725	697,779	5,009,664	15.54%	2.21%
6/30/2020	1,029,396	784,124	245,272	4,759,353	16.48%	3.51%
6/30/2019	1,169,622	748,852	420,770	4,612,790	16.23%	3.87%
6/30/2018	1,169,622	713,293	456,329	4,350,000	16.40%	3.00%
6/30/2017	1,471,550	732,138	739,412	4,350,000	16.83%	3.00%

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:	3.65%, net of OPEB plan investment expense, including inflation
Retirement Age:	Varies by age
Mortality:	PUB-2010, "General" Classification, projected generationally with Scale MP-2020

\* 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, 2024

Fiscal Year End Date	Annual Money-Weighted Rate of Return on Investments
6/30/2024	4.97%
6/30/2023	0.54%
6/30/2022	-4.81%
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, 2024

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, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Schedule of Net OPEB Liability</b>							
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Percentage Proportion	0.0059%	0.0105%	0.0124%	0.0129%	0.0167%	0.0221%	0.0276%
Net OPEB Liability Share	\$ 482,608	\$ 898,292	\$ 1,247,256	\$ 1,347,483	\$ 1,331,941	\$ 1,812,358	\$ 2,282,581
Employer Covered Payroll	135,327	231,749	256,895	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	356.62%	387.61%	485.51%	481.95%	372.15%	394.53%	349.06%
	7.71%	6.43%	6.06%	4.27%	4.89%	4.44%	4.13%
<b>Schedule of Contributions</b>							
Required Contribution	\$ 26,497	\$ 21,970	\$ 28,957	\$ 33,025	\$ 35,762	\$ 42,004	\$ 49,585
Actual Contribution	26,497	21,970	28,957	33,025	35,762	42,004	49,585
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer Covered Payroll	\$ 153,672	\$ 135,327	\$ 231,749	\$ 256,895	\$ 279,587	\$ 357,909	\$ 459,368
Actual contribution as a percentage of covered payroll	17.24%	16.23%	12.49%	12.86%	12.79%	11.74%	10.79%
<b>Notes to Required Supplementary Information</b>							
Actuarial Valuation Date	June 30, 2021	June 30, 2021	June 30, 2020	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	entry age normal	entry age normal	entry age normal
Discount Rate	3.82%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%
Healthcare Trend Rate	7.00%	5.17%	5.50%	5.60%	6.60%	6.80%	7.00%
Mortality Rate	Pub-2010 General Benefits Weighted Annuity Mortality Table	Pub-2010 General Benefits Weighted Annuity Mortality Table	Pub-2010 General Benefits Weighted Annuity Mortality Table	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
<b>Investment Allocation</b>							
Domestic Equity	N/A	N/A	N/A	N/A	N/A	20% - 80%	36.70%
International Equity	N/A	N/A	N/A	N/A	N/A	20% - 80%	19.20%
Equity	20% - 80%	20% - 80%	20% - 80%	20% - 80%	20% - 80%	N/A	N/A
Fixed Income	20% - 80%	20% - 80%	20% - 80%	20% - 80%	20% - 80%	20% - 80%	38.10%
Cash and Equivalents *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.00%
Alternative Investments							
Illiquid Investments	0% - 30%	0% - 30%	0% - 30%	0% - 30%	0% - 30%	N/A	N/A
Other Diversification Investments	0% - 20%	0% - 20%	0% - 20%	0% - 20%	0% - 20%	N/A	N/A
<b>Investment Rate of Return</b>							
Domestic Equity	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	3.75%
International Equity	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	3.75%
Fixed Income	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.75%
Cash and Equivalents	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Alternative Investments	7.80%	7.80%	7.80%	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, 2024

EXPENSES	\$ 122,849,911
PROGRAM REVENUE	
Charges for services	15,356,918
Operating grants and contributions	153,991,115
Capital grants and contributions	855,362
	<hr/>
NET OPERATING REVENUE	47,353,484
	<hr/>
GENERAL REVENUE	
Investment gains/(losses) and miscellaneous earnings	11,981,627
TOTAL GENERAL REVENUE	11,981,627
	<hr/>
CHANGE IN NET POSITION	59,335,111
NET POSITION, BEGINNING	646,017,747
NET POSITION, ENDING	<u><u>\$ 705,352,858</u></u>



DELAWARE STATE HOUSING AUTHORITY  
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2024

	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	HOUSING REHABILITATION LOAN PROGRAM	STRONG NEIGHBORHOODS HOUSING FUND
ASSETS							
Cash and cash equivalents	\$ 8,638,039	\$ 26,979	\$ -	\$ 2,486,876	\$ 243,272		\$ 1,876,782
Investments	11,048,292	-	12,981	-	-	-	15,457,342
Loans receivable:							
Mortgages receivable, net	4,521,137	-	-	13,132,018	-	313,669	-
Accrued interest & other receivables	476,950	-	-	7,107,270	-	94,443	-
TOTAL ASSETS	<u>\$ 24,684,418</u>	<u>\$ 26,979</u>	<u>\$ 12,981</u>	<u>\$ 22,726,164</u>	<u>\$ 243,272</u>	<u>\$ 408,112</u>	<u>\$ 17,334,124</u>
LIABILITIES & FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 130	\$ -	\$ -	\$ -
Interfund payables	-	28,548	-	771	-	-	-
Escrow deposits	7,067	-	-	-	-	-	-
TOTAL LIABILITIES	<u>7,067</u>	<u>28,548</u>	<u>-</u>	<u>901</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted	24,677,351	-	12,981	22,725,263	243,272	408,112	17,334,124
Assigned	-	-	-	-	-	-	-
Unassigned	-	(1,569)	-	-	-	-	-
TOTAL FUND BALANCES	<u>24,677,351</u>	<u>(1,569)</u>	<u>12,981</u>	<u>22,725,263</u>	<u>243,272</u>	<u>408,112</u>	<u>17,334,124</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 24,684,418</u>	<u>\$ 26,979</u>	<u>\$ 12,981</u>	<u>\$ 22,726,164</u>	<u>\$ 243,272</u>	<u>\$ 408,112</u>	<u>\$ 17,334,124</u>

HOME 4 GOOD PROGRAM	PRE DEVELOPMENT LOAN PROGRAM	NEIGHBOR- WORKS PROJECT REINVEST	WILMINGTON SENIOR TAX ASSISTANCE PROGRAM	SUSTAINABLE ENERGY UTILITY LOAN FUND	DOWN PAYMENT ASSISTANCE PROGRAM	DSHA LAND BANK PROGRAM	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 1,399,516	\$ 496,500	\$ 11,859	\$ 19,643	\$ 1,306,185	\$ 2,415,050	\$ 3,853,673	\$ 22,774,374
-	-	-	-	-	-	50	26,518,665
-	-	-	-	726,092	7,581,400	1,146,377	27,420,693
-	-	-	-	-	-	17,196	7,695,859
<u>\$ 1,399,516</u>	<u>\$ 496,500</u>	<u>\$ 11,859</u>	<u>\$ 19,643</u>	<u>\$ 2,032,277</u>	<u>\$ 9,996,450</u>	<u>\$ 5,017,296</u>	<u>\$ 84,409,591</u>
\$ -	\$ -	\$ -	\$ -	\$ 32,277	\$ -	\$ -	\$ 32,407
-	-	-	-	-	378,050	100	407,469
-	-	-	-	-	-	-	7,067
-	-	-	-	32,277	378,050	100	446,943
1,399,516	496,500	11,859	-	2,000,000	9,618,400	5,017,196	83,944,574
-	-	-	19,643	-	-	-	19,643
-	-	-	-	-	-	-	(1,569)
<u>1,399,516</u>	<u>496,500</u>	<u>11,859</u>	<u>19,643</u>	<u>2,000,000</u>	<u>9,618,400</u>	<u>5,017,196</u>	<u>83,962,648</u>
<u>\$ 1,399,516</u>	<u>\$ 496,500</u>	<u>\$ 11,859</u>	<u>\$ 19,643</u>	<u>\$ 2,032,277</u>	<u>\$ 9,996,450</u>	<u>\$ 5,017,296</u>	<u>\$ 84,409,591</u>

DELAWARE STATE HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

	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	HOUSING REHABILITATION LOAN PROGRAM	STRONG NEIGHBORHOODS HOUSING FUND
REVENUES							
Interest income:							
Investments	\$ 401,332	\$ -	\$ 967	\$ 34,892	\$ -	\$ -	\$ 418,685
Loans	45,100	-	-	679,103	-	12,232	-
Total interest income	446,432	-	967	713,995	-	12,232	418,685
Payments from primary government	-	-	-	-	-	-	4,000,000
Fees	-	-	57,052	144,354	-	-	-
Other revenue	1,596,774	-	-	101,387	-	3,410	-
TOTAL REVENUES	2,043,206	-	58,019	959,736	-	15,642	4,418,685
EXPENDITURES							
Current:							
Affordable rental housing	-	-	-	-	-	-	-
Community rehabilitation	-	-	-	-	-	-	1,629,200
Home ownership	53,859	-	72,000	83,144	41,700	-	-
Housing rehabilitation	-	-	-	-	-	15,069	-
TOTAL EXPENDITURES	53,859	-	72,000	83,144	41,700	15,069	1,629,200
EXCESS/(DEFICIT) REVENUE OVER EXPENDITURES	1,989,347	-	(13,981)	876,592	(41,700)	573	2,789,485
OTHER FINANCING SOURCES (USES)							
Transfers in	-	126	-	32,000	-	-	-
Transfers out	-	(33,530)	-	(6,542,608)	-	(32,145)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(33,404)	-	(6,510,608)	-	(32,145)	-
NET CHANGE IN FUND BALANCES	1,989,347	(33,404)	(13,981)	(5,634,016)	(41,700)	(31,572)	2,789,485
FUND BALANCES, BEGINNING	22,688,004	31,835	26,962	28,359,279	284,972	439,684	14,544,639
FUND BALANCES, ENDING	\$ 24,677,351	\$ (1,569)	\$ 12,981	\$ 22,725,263	\$ 243,272	\$ 408,112	\$ 17,334,124

HOME 4 GOOD PROGRAM	PRE DEVELOPMENT LOAN PROGRAM	NEIGHBOR- WORKS PROJECT REINVEST	WILMINGTON SENIOR TAX ASSISTANCE PROGRAM	SUSTAINABLE ENERGY UTILITY LOAN FUND	DOWN PAYMENT ASSISTANCE PROGRAM	DSHA LAND BANK PROGRAM	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	855,876
-	-	-	-	-	-	11,464	747,899
-	-	-	-	-	-	11,464	1,603,775
-	-	-	-	-	-	-	4,000,000
-	-	-	-	-	-	-	201,406
500,000	-	-	-	-	-	-	2,201,571
500,000	-	-	-	-	-	11,464	8,006,752
1,048,146	-	-	-	-	-	-	1,048,146
-	-	381	-	-	-	-	1,629,581
-	-	-	-	-	381,600	-	632,303
-	-	-	-	-	-	-	15,069
1,048,146	-	381	-	-	381,600	-	3,325,099
(548,146)	-	(381)	-	-	(381,600)	11,464	4,681,653
575,000	-	-	-	-	10,000,000	-	10,575,126 ^
-	-	-	-	-	-	-	(6,576,283) ^
575,000	-	-	-	-	10,000,000	-	3,998,843
26,854	-	(381)	-	-	9,618,400	11,464	8,680,496
1,372,662	496,500	12,240	19,643	2,000,000	-	5,005,732	75,282,152
\$ 1,399,516	\$ 496,500	\$ 11,859	\$ 19,643	\$ 2,000,000	\$ 9,618,400	\$ 5,017,196	\$ 83,962,648

DELAWARE STATE HOUSING AUTHORITY  
SCHEDULE OF NET POSITION - PROPRIETARY FUND - SUBFUNDS OF THE FEDERAL PROGRAMS ENTERPRISE FUND  
JUNE 30, 2024

	COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS	FAMILY UNIFICATION PROGRAM	HOME INVESTMENT PARTNERSHIP PROGRAM	HOUSING TRUST FUND	EMERGENCY RENTAL ASSISTANCE PROGRAM	MOVING TO WORK DEMONSTRATION PROGRAM	HOMEOWNER ASSISTANCE FUND
<b>ASSETS</b>							
<b>Current Assets:</b>							
Cash and cash equivalents	\$ 29,293	\$ 153,970	\$ 6,865	\$ 174,773	\$ 2,364,867	\$ 3,556,361	\$ 1,035,948
Investments	185,119	-	7,056,603	-	10,116,778	1,964,946	2,254,503
Accrued interest and other receivables	-	-	-	216,185	7,269	197,062	-
Grants receivable-U.S. Dept of HUD	-	-	6,694	907	-	6,701	-
Interfund receivables	-	-	-	-	45	15,011	-
Prepaid expenses	-	24,765	-	-	-	490,407	-
Total current assets	214,412	178,735	7,070,162	391,865	12,488,959	6,230,488	3,290,451
<b>Non-Current Assets:</b>							
Cash, restricted for payment of escrows	-	96,988	-	-	-	1,780,191	-
Investments	-	-	7,023,076	265,365	-	-	-
Mortgages receivable, net	-	-	62,214,502	11,835,632	-	-	-
Accrued interest and other receivables, net	-	-	12,915,799	-	-	-	-
Interfund receivables	22,632	-	-	-	-	-	-
Capital assets not being depreciated	-	-	-	-	-	1,056,955	-
Capital assets net of accumulated depreciation	-	-	-	-	17,268	3,305,153	9,358
Total non-current assets	22,632	96,988	82,153,377	12,100,997	17,268	6,142,299	9,358
<b>TOTAL ASSETS</b>	<b>237,044</b>	<b>275,723</b>	<b>89,223,539</b>	<b>12,492,862</b>	<b>12,506,227</b>	<b>12,372,787</b>	<b>3,299,809</b>
<b>LIABILITIES</b>							
<b>Current Liabilities:</b>							
Accounts payable	7,588	-	9,473	4,585	490,785	567,178	81,190
Deferred Revenue	-	-	-	-	12,621,856	-	3,202,438
Due St of Delaware-pension costs	-	-	-	-	-	-	-
Interfund payables	19,250	-	13,550	2,200	50	10,816	50
Lease payable	-	-	-	-	-	90,088	-
Subscription Payable	-	-	-	-	-	-	-
Compensated absences payable	4,888	-	-	-	-	10,420	-
Total current liabilities	31,726	-	23,023	6,785	13,112,691	678,502	3,283,678
<b>Non-Current Liabilities:</b>							
Interfund payables	-	30,000	42,146	5,000	18,231	511,050	12,139
Lease payable	-	-	-	-	-	178,495	-
Subscription Payable	-	-	-	-	-	-	-
Compensated absences payable	17,366	-	19,067	811	5,127	175,176	11,012
Escrow deposits	185,000	96,988	7,023,076	265,365	-	1,780,191	-
Total non-current liabilities	202,366	126,988	7,084,289	271,176	23,358	2,644,912	23,151
<b>TOTAL LIABILITIES</b>	<b>234,092</b>	<b>126,988</b>	<b>7,107,312</b>	<b>277,961</b>	<b>13,136,049</b>	<b>3,323,414</b>	<b>3,306,829</b>
<b>NET POSITION</b>							
Invested in capital assets	-	-	-	-	17,268	4,093,525	9,358
Restricted by federal regulations	-	148,735	82,116,227	12,214,901	-	4,955,848	-
Unrestricted	2,952	-	-	-	(647,090)	-	(16,378)
<b>TOTAL NET POSITION</b>	<b>\$ 2,952</b>	<b>\$ 148,735</b>	<b>\$ 82,116,227</b>	<b>\$ 12,214,901</b>	<b>\$ (629,822)</b>	<b>\$ 9,049,373</b>	<b>\$ (7,020)</b>



EMERGENCY 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	COMMUNITY REINVESTMENT FUND	AMERICAN RESCUE PLAN ACT	TOTAL FEDERAL PROGRAMS
\$ 105,243	\$ -	\$ 1,247,341	\$ 117,781	\$ 19,395	\$ -	\$ 7,599,926	\$ 16,411,763
-	-	-	-	-	-	134,119	21,712,068
-	-	-	-	-	-	34,733	455,249
-	-	294,118	-	-	-	-	308,420
-	-	-	361	-	-	-	15,417
29,031	-	3,962,611	41,211	70,705	-	-	4,618,730
134,274	-	5,504,070	159,353	90,100	-	7,768,778	43,521,647
-	-	-	-	-	-	-	1,877,179
-	-	-	-	-	-	-	7,288,441
-	-	-	-	-	-	1,932,443	75,982,577
-	-	-	-	-	-	-	12,915,799
-	-	-	-	-	-	-	22,632
-	-	-	-	-	-	-	1,056,955
-	-	-	-	-	-	-	3,331,779
-	-	-	-	-	-	1,932,443	102,475,362
134,274	-	5,504,070	159,353	90,100	-	9,701,221	145,997,009
-	-	42,605	5,402	-	-	84,810	1,293,616
66,500	-	-	-	-	-	7,598,788	23,489,582
-	-	-	-	-	-	-	-
-	-	175,000	-	-	-	500	221,416
-	-	-	-	-	-	-	90,088
-	-	-	-	-	-	-	-
-	-	16,749	-	-	-	-	32,057
66,500	-	234,354	5,402	-	-	7,684,098	25,126,759
50,000	-	4,000,000	100,050	90,100	-	8,761	4,867,477
-	-	-	-	-	-	-	178,495
-	-	-	-	-	-	-	-
-	-	72,499	17,581	-	-	-	318,639
-	-	-	-	-	-	-	9,350,620
50,000	-	4,072,499	117,631	90,100	-	8,761	14,715,231
116,500	-	4,306,853	123,033	90,100	-	7,692,859	39,841,990
-	-	-	-	-	-	-	4,120,151
17,774	-	1,197,217	36,320	-	-	2,008,362	102,695,384
-	-	-	-	-	-	-	(660,516)
\$ 17,774	\$ -	\$ 1,197,217	\$ 36,320	\$ -	\$ -	\$ 2,008,362	\$ 106,155,019

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, 2024

	COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS	FAMILY UNIFICATION PROGRAM	HOME INVESTMENT PARTNERSHIP PROGRAM	HOUSING TRUST FUND	EMERGENCY RENTAL ASSISTANCE PROGRAM	MOVING TO WORK DEMONSTRATION PROGRAM	HOMEOWNER ASSISTANCE FUND
OPERATING REVENUES							
Interest income on loans	\$ -	\$ -	\$ 1,077,265	\$ 177,744	\$ -	\$ -	\$ -
Federal housing program grants	5,379,137	401,089	3,608,329	2,676,365	2,642,115	11,484,457	15,684,025
Rental income	-	-	-	-	-	638,685	-
Miscellaneous	(7,315)	-	2,241	-	92	650,883	-
TOTAL OPERATING REVENUES	5,371,822	401,089	4,687,835	2,854,109	2,642,207	12,774,025	15,684,025
OPERATING EXPENSES							
Administrative	312,619	-	755,009	296,571	320,105	3,737,885	1,029,543
Grants and housing assistance payments	5,060,245	352,864	1,134,986	-	2,522,766	7,860,586	14,550,416
Public housing maintenance & utilities	-	-	-	-	-	1,888,050	-
Depreciation	-	-	-	-	198,582	684,448	107,623
TOTAL OPERATING EXPENSES	5,372,864	352,864	1,889,995	296,571	3,041,453	14,170,969	15,687,582
OPERATING INCOME/(LOSS)	(1,042)	48,225	2,797,840	2,557,538	(399,246)	(1,396,944)	(3,557)
NON-OPERATING INCOME/(EXPENSES)							
Investment income	69	-	203,742	-	775,754	56,156	776
Interest Expense	-	-	-	-	-	(15,215)	-
Gain/(Loss) on Disposal of Property	-	-	-	-	-	-	-
TOTAL NON-OPERATING INCOME/EXPENSES)	69	-	203,742	-	775,754	40,941	776
INCOME/(LOSS) BEFORE CAPITAL GRANTS AND OPERATING TRANSFERS	(973)	48,225	3,001,582	2,557,538	376,508	(1,356,003)	(2,781)
Capital grants and contributions	-	-	-	-	-	855,362	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
CHANGE IN NET POSITION	(973)	48,225	3,001,582	2,557,538	376,508	(500,641)	(2,781)
NET POSITION, BEGINNING	3,925	100,510	79,114,645	9,657,363	(1,006,330)	9,550,014	(4,239)
NET POSITION, ENDING	\$ 2,952	\$ 148,735	\$ 82,116,227	\$ 12,214,901	\$ (629,822)	\$ 9,049,373	\$ (7,020)

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	COMMUNITY REINVESTMENT FUND	AMERICAN RESCUE PLAN ACT	TOTAL FEDERAL PROGRAMS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	12,103	\$ 1,267,112
332,289	-	48,251,568	713,980	849,217	-	1,632,263	93,654,834
-	-	-	-	-	-	-	638,685
-	-	385	-	-	-	-	646,286
332,289	-	48,251,953	713,980	849,217	-	1,644,366	96,206,917
1,021	-	1,556,097	78,535	-	-	30,842	8,118,227
313,494	-	46,537,204	594,684	849,217	-	(330,779)	79,445,683
-	-	-	-	-	-	-	1,888,050
-	-	-	-	-	-	-	990,653
314,515	-	48,093,301	673,219	849,217	-	(299,937)	90,442,613
17,774	-	158,652	40,761	-	-	1,944,303	5,764,304
-	-	-	-	-	-	58,875	1,095,372
-	-	-	-	-	-	-	(15,215)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	58,875	1,080,157
17,774	-	158,652	40,761	-	-	2,003,178	6,844,461
-	-	-	-	-	-	-	855,362
-	-	-	-	-	-	-	-
-	(3,038)	-	-	-	(62)	-	(3,100)
17,774	(3,038)	158,652	40,761	-	(62)	2,003,178	7,696,723
-	3,038	1,038,565	(4,441)	-	62	5,184	98,458,296
\$ 17,774	\$ -	\$ 1,197,217	\$ 36,320	\$ -	\$ -	2,008,362	\$ 106,155,019

DELAWARE STATE HOUSING AUTHORITY  
SCHEDULE OF NET POSITION - PROPRIETARY FUND - SUBFUNDS OF THE SINGLE FAMILY PROGRAMS  
ENTERPRISE FUND  
JUNE 30, 2024

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2024B	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 12,418	\$ 3,248,680	\$ 3,261,098
Investments	131,125,711	34,459,841	165,585,552
Mortgage loan receivable, net	-	-	-
Accrued interest and other receivables	37,181	173,140	210,321
Interfund receivables	-	-	-
Total current assets	131,175,310	37,881,661	169,056,971
Non-Current Assets:			
Investments	-	8,315,230	8,315,230
Securitized mortgage loans, net	97,017,255	-	97,017,255
Mortgage loan receivable, net	2,343,785	-	2,343,785
Accrued interest and other receivables	374,726	-	374,726
Total non-current assets	99,735,766	8,315,230	108,050,996
<b>TOTAL ASSETS</b>	<b>230,911,076</b>	<b>46,196,891</b>	<b>277,107,967</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	5,000	44	5,044
Interfund payables	1,567,838	1,545	1,569,383
Accrued interest payable	2,225,287	-	2,225,287
Revenue bonds payable	1,857,810	-	1,857,810
Total current liabilities	5,655,935	1,589	5,657,524
Non-Current Liabilities:			
Revenue bonds payable	224,702,229	-	224,702,229
Total non-current liabilities	224,702,229	-	224,702,229
<b>TOTAL LIABILITIES</b>	<b>230,358,164</b>	<b>1,589</b>	<b>230,359,753</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred amount on bond refunding	1,463,062	-	1,463,062
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>1,463,062</b>	<b>-</b>	<b>1,463,062</b>
<b>NET POSITION</b>			
Restricted by bond covenants	-	46,195,302	46,195,302
Unrestricted	(910,150)	-	(910,150)
<b>TOTAL NET POSITION</b>	<b>\$ (910,150)</b>	<b>\$ 46,195,302</b>	<b>\$ 45,285,152</b>

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, 2024

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2024B	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
OPERATING REVENUES			
Interest income on loans	\$ 1,202,103	\$ -	\$ 1,202,103
Amortization of deferred revenues	112,733	-	112,733
Miscellaneous	-	333,643	333,643
TOTAL OPERATING REVENUES	1,314,836	333,643	1,648,479
OPERATING EXPENSES			
Interest expense on bonds	2,822,042	-	2,822,042
Premium on securitized mortgage loans	958,286	-	958,286
Administrative	-	12,959	12,959
Loan servicing fees	-	-	-
Amortization of deferred expenses	1,841,031	-	1,841,031
Other expenses	10,000	-	10,000
TOTAL OPERATING EXPENSES	5,631,359	12,959	5,644,318
OPERATING INCOME/(LOSS)	(4,316,523)	320,684	(3,995,839)
NON-OPERATING INCOME/(EXPENSES)			
Investment income	1,368,293	4,244,452	5,612,745
Change in fair value of investments	(1,659,854)	152,192	(1,507,662)
TOTAL NON-OPERATING INCOME/(EXPENSES)	(291,561)	4,396,644	4,105,083
INCOME/(LOSS) BEFORE OPERATING TRANSFERS	(4,608,084)	4,717,328	109,244
Transfers in	4,781,844	1,144,589	5,926,433
Transfers out	-	(2,067,105)	(2,067,105)
CHANGE IN NET POSITION	173,760	3,794,812	3,968,572
NET POSITION, BEGINNING	(1,083,910)	42,400,490	41,316,580
NET POSITION, ENDING	\$ (910,150)	\$ 46,195,302	\$ 45,285,152

DELAWARE STATE HOUSING AUTHORITY  
SCHEDULE OF REVENUE BONDS PAYABLE  
FOR THE YEAR ENDED JUNE 30, 2024

The details of and changes in the Authority's mortgage revenue bonds during the Year Ended June 30, 2024 are as follows:

Bond Issue	Interest Rate	Final Maturity Date	Bonds Outstanding June 30, 2023	Issued	Matured	Called	Bonds Outstanding June 30, 2024
Single Family Mortgage Revenue Bonds 2013 Series A	2.60%	2043	\$ 13,470,030	\$ -	\$ -	\$ (1,137,449)	\$ 12,332,581
Single Family Mortgage Revenue Bonds 2018 Series A	3.48%	2048	7,980,601	-	-	(1,120,493)	6,860,108
Single Family Mortgage Revenue Bonds 2024 Series A	3.20%-5.75%	2055	-	75,000,000	-	-	75,000,000
Single Family Mortgage Revenue Bonds 2024 Series B	3.40%-6.00%	2055	-	125,000,000	-	-	125,000,000
TOTAL			\$ 21,450,631	\$ 200,000,000	\$ -	\$ (2,257,942)	\$ 219,192,689

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

All SMAL Mortgage Revenue Bonds.

DELAWARE STATE HOUSING AUTHORITY  
SUPPLEMENTAL STATEMENT OF PUBLIC HOUSING ACTUAL MODERNIZATION CAPITAL FUND  
GRANT COSTS  
AS OF JUNE 30, 2024

ANNUAL CONTRIBUTIONS CONTRACT P-4520

	DE26-P004- 501.21	DE26-P004- 501.22	DE26-P004 501.23	DE26-P004 501.24	TOTAL
Funds advanced	\$ 599,247	\$ 166,138	\$ 86,076	\$ 3,901	\$ 855,362
Management improvements	-	-	-	3,901	3,901
Site improvements	595,791	93,974	-	-	689,765
Dwelling structures	-	-	-	-	-
Dwelling equipment - nonexpendable	-	-	-	-	-
Nondwelling structures/equipment	-	-	-	-	-
Administration	3,456	72,164	86,076	-	161,696
Fees and costs	-	-	-	-	-
Funds expended	599,247	166,138	86,076	3,901	855,362
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 supplemental schedules prepared under the annual contributions contracts.





DELAWARE STATE HOUSING AUTHORITY

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





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***Independent Auditor's 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 the 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, 2024, and the related notes to the financial statements, which collectively comprise DSHA's basic financial statements, and have issued our report thereon dated December 20, 2024.

***Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Findings 2024-001 and 2024-002 that we consider to be significant deficiencies.

#### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether DSHA's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### ***DSHA's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on DSHA's response to the findings identified in our audit and described in the accompanying schedule of findings. DSHA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### ***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.*

December 20, 2024  
Wilmington, Delaware

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2024**

**Reference Number: 2024-001**

**Type of Finding: Significant Deficiency**

**Department of Finance - Financial Reporting Close Process**

**Condition:** We found two misstatements of the financial statement balances requiring material adjusting journal entries to the General Fund and Federal Programs Enterprise Fund. These adjustments should have been made during DSHA's year-end financial close process but were required as a result of our audit procedures. A material adjusting journal entry decreased assets and revenue by \$887,891 to remove accrued loan interest receivables and the related revenue caused by errors that arose from implementing a new loan servicing module. A material adjusting journal entry increased beginning fund balance and expenses by \$1,039,901 of the Federal Program Enterprise Fund to record a loan that was incorrectly recorded as a grant expense in the prior year and corrected through expense during the year ended June 30, 2024.

We also found four misstatements of the financial statement balances requiring adjusting journal entries in the Housing Development Fund and the Federal Programs Enterprise Fund. These adjustments were made in the prior year and were a result of our audit procedures in the prior year but were incorrectly reversed in the current year. One of the entries was material to the Federal Programs Enterprise Fund and increased unearned revenue by \$1,069,604 and decreased revenues by \$1,069,604. The remaining three entries decreased assets and revenues \$961,914 in the Housing Development Fund and decreased assets by \$273,666, decreased revenues by \$612,678, and decreased expenses by \$339,012 in the Federal Programs Enterprise Fund. These entries were to re-establish loan loss allowances and to re-adjust interest forgiveness due to loan modifications.

A similar finding was reported in the prior year.

**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 DSHA's financial statements.

**Cause:** While DSHA's financial closing procedures captured most of the necessary closing journal entries, the procedures did not detect certain unusual balances.

During the year ended June 30, 2023, DSHA's ERP system loan servicing module was updated. This update unexpectedly changed certain functionality and, as a result, certain General Fund accruals during the year ended June 30, 2024 were not properly reversed during the monthly reconciliation process.

During the year ended June 30, 2024, DSHA corrected the Federal Program loan receivables balances for a loan that was incorrectly expensed as a grant in the prior year but did not correct the effect that the error had the beginning fund balances.

**DELAWARE STATE HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS - CONTINUED**  
**JUNE 30, 2024**

**Reference Number: 2024-001 - Continued**

***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, DSHA 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 - CONTINUED**  
**JUNE 30, 2024**

**Reference Number: 2024-002**

**Type of Finding: Significant Deficiency**

**Department of Finance - Financial Reporting - Federal Data Submission**

**Condition:** During the performance of agreed-upon procedures on DSHA's Financial Data Submission to the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC) for the year ended June 30, 2023, we found material adjustments needed to the financial data schedule to present it without material misstatement in relation to the audited basic financial statements taken as a whole.

A similar finding was reported in the prior year.

**Criteria:** DSHA's Financial Data Submission should be reconciled to the audited basic financial statements in all material respects.

**Cause:** DSHA has experienced turnover in the Financial Analysis and Reporting Section which resulted in delays updating DSHA's financial reporting module to support the timely and accurate preparation of the federal data submission.

**Effect:** Material adjustments, discovered by the auditors during the course of fieldwork, were required to be made to the financial data schedule.

**Recommendation:** We recommend DSHA review its processes to ensure that its financial reporting module is updated timely and accurately.

**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, 2024**

**Financial Statement Finding 2024-001 - 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 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 2025 Fiscal Year and will remain in effect going forward.

Responsible Official: Kiersten Wilson, Director of Financial Management

**Financial Statement Finding 2024-002 - Financial Reporting - Federal Data Submission**

Corrective Action Plan: We have engaged an outside accounting firm that specializes in HUD reporting to assist with the FY24 Audited submission. Additionally, DSHA is continually updating and maintaining its report structures to properly prepare the report. Lastly, the outside accounting firm will also explain the reporting process to the staff member that handles the FDS reporting to HUD REAC.

Responsible Official: Kiersten Wilson, Director of Financial Management.



## UNAUDITED

### DELAWARE STATE HOUSING AUTHORITY SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2024

**Reference Number: 2023-001**

**Type of Finding: Significant Deficiency**

**Department of Finance - Financial Reporting Close Process**

**Condition:** We found seven misstatements of the financial statement balances requiring material adjusting journal entries. Adjustments were made to the Housing Development Fund and Federal Programs Enterprise Fund. These adjustments should have been made during DSHA's year-end financial close process, but were required as a result of our audit procedures. The six material adjusting journal entries are decreased assets \$44,302,022, decreased liabilities \$43,424,899, decreased revenue \$1,075,266, and decreased expenses \$198,143. These entries were to remove unearned receivables and the related unearned revenue, to correct errors that arose from implementing a new loan service module, to establish loan loss allowances, to adjust interest forgiveness due to loan modifications, and to adjust Federal Programs Enterprise Fund revenue and related unearned revenue to actual and to correctly report federal revenue and deferred revenue.

**Recommendation:** We recommend DSHA enhance its financial closing procedures. As part of the process, DSHA 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.

**Current Status:** A similar condition was noted during the June 30, 2024 audit. See finding 2024-001.

**Reference Number: 2023-002**

**Type of Finding: Significant Deficiency**

**Department of Finance - Financial Reporting - Federal Data Submission**

**Condition:** During the performance of agreed-upon procedures on DSHA's Financial Data Submission to the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC) for the year ended June 30, 2022, we found material adjustments needed to the financial data schedule to present it without material misstatement in relation to the audited basic financial statements taken as a whole.

**Recommendation:** We recommend DSHA review its processes to ensure that its financial reporting module is updated timely and accurately.

**Current Status:** A similar condition was noted during the June 30, 2024 audit. See finding 2024-002.

**UNAUDITED**

**DELAWARE STATE HOUSING AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED  
JUNE 30, 2024**

**Reference Number:** 2023-003

**Type of Finding:** Significant Deficiency

**Internal Control Over Compliance - United States Emergency Rental Assistance Program**

**Condition:** During audit testing of the ERA program, we found two assistance processing errors resulting in overpayments of \$7,090 in a sample of 40 assistance applications totaling \$198,909. We found two applicants that received assistance in excess of the maximum allowed by the ERA federal regulations.

**Recommendation:** We recommend DSHA review the design and implementation of internal controls to address the identified weaknesses in internal control.

**Current Status:** This finding has been addressed.