

DELAWARE STATE HOUSING AUTHORITY FINANCIAL STATEMENT AUDIT

ISCAL YEAR ENDED JUNE 30, 2025

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DELAWARE STATE HOUSING AUTHORITY FINANCIAL STATEMENT AUDIT

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

BACKGROUND

The Delaware State Housing Authority (the Authority) is a component unit of the State of Delaware and 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 rehabilitation assistance in housing. The Authority's programs are funded through mortgage-backed security purchases, State & Federal grants and through the State sponsored Housing Development Fund.

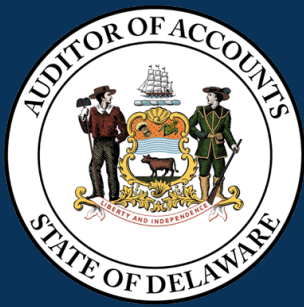
The primary objective of a financial statement audit is to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position of an entity.

This audit was performed in accordance with 29 Del. C. §2906.

KEY INFORMATION AND FINDINGS

Although the overall report contains an unmodified opinion, the audit report documents two significant deficiencies. One finding was identified as a repeat issue to the previous year. These recurrent issues highlight areas where previous recommendations have not yet been fully implemented or where challenges continue to persist:

- The Authority's does not possess the necessary staffing to timely and accurately prepare the Authority's financial statements, in a timely manner. In July 2025, the Authority's Financial Analysis & Reporting Section Manager resigned. In August 2025, the Authority engaged a consultant to prepare the June 30, 2025 financial statements. The Authority's consultant did not timely prepare the financial statements and the Authority, and its consultants encountered significant difficulties in preparing the financial statements.
- Three material misstatements to the financial statements required journal entry adjustments which should have been made during the DSHA year-end financial close. A similar finding was identified in the prior fiscal year. These adjustments are as follows:
 - A \$1,000,000 adjusting journal entry was required to correctly record debt service principal payments
 - An adjusting journal entry was required to decrease assets and increase expense by \$688,016 to record an allowance on loans receivable in the Non-Major Funds.
 - A material adjusting journal entry was required to decrease revenue and expense by \$5,864,456 to properly record the change in unrealized gains and losses that were incorrectly recorded as expense in the Single-Family Enterprise Fund.



DELAWARE STATE HOUSING AUTHORITY FINANCIAL STATEMENT AUDIT

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

KEY INFORMATION AND FINDINGS CONTINUED

In response to the audit findings, management has committed to revising its year-end financial close checklist to include a comprehensive review of all material and non-routine transactions, including loan loss reserves and unrealized investment gains/losses. A second-level review process will be implemented for all significant journal entries and reconciliations, a rolling log of prior-year adjustments will be maintained, new internal controls will be implemented, and updates to procedures and training will be completed by March 31, 2026. Further, DHSA has hired a permanent Financial Operation Reporting Section Manager and plans to develop a detailed financial reporting calendar and calendar/quarterly close procedures will be implemented by June 30, 2026. The financial reporting module will also be evaluated by September 2026.

DSHA Net Position Increase (2025-2024)				
	2025	2024	\$ Change	% Change
Governmental Activities	\$571,666,152	\$553,912,688	\$17,753,464	3.20%
Business Type Activities	\$160,793,627	\$151,440,170	\$9,353,457	6.20%
Total:	\$732,459,779	\$705,352,858	\$27,106,921	3.80%

Governmental Activities Highlights	
Affordable Housing Development Fund (Housing Loans and Grants)	\$10,150,000
Downtown Development District Grant Programs for Community Rehab	\$5,500,000
Individuals Continuing Supporting Services	\$8,967,125
Strong Neighborhood Housing Fund	\$4,000,000
Total:	\$28,617,125
Business Activities Highlights	
Advanced Rescue Funds (economic development and federal affordable housing programs)	\$9,736,775

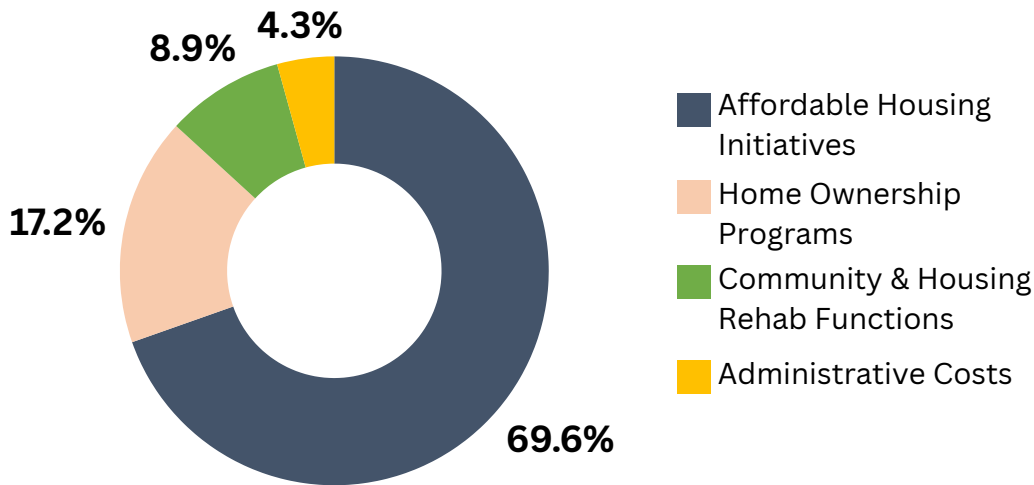


DELAWARE STATE HOUSING AUTHORITY FINANCIAL STATEMENT AUDIT

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

KEY INFORMATION AND FINDINGS CONTINUED

FY2025 HOUSING AUTHORITY COST BREAKDOWN



Expenses	
Affordable Housing Initiatives	\$106,582,982
Home Ownership Programs	\$26,352,466
Community & Housing Rehab Functions	\$13,708,537
Administrative Costs	\$6,539,273
Housing Rehabilitation	\$39,984
Total Expenses	\$153,223,242

The DSHA's basic financial statement audit for FY ended June 30, 2025 can be found on our website: <https://auditor.delaware.gov>.

For any questions regarding the attached report, please contact
OAOA_Comms@delaware.gov

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, 2025
With Summarized Totals for June 30, 2024**

**Including the
Independent Auditors' Reports**

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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, 2025, 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, 2025, 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, 2024 financial statements, and our report dated December 20, 2024, 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, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14, Schedule of State of Delaware Net Pension Liability and related notes on pages 79 and 80, Schedule of Employer Contributions to State of Delaware Pension Plan on page 81, Schedule of Changes in Net OPEB Liability and related notes on pages 82 and 83, Schedule of Contributions on page 84, Schedule of Annual Money-Weighted Rate of Return on Investments on page 85, and Schedule of State of Delaware Other Post Employment Benefits Plan on page 86 be presented to supplement the basic financial statements. Such information 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 12, 2025, 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 12, 2025
Wilmington, Delaware

DELAWARE STATE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025. 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 \$732,459,779 (net position).
- The Authority's total net position increased by \$27,106,921 (3.8%) in fiscal year 2025 when compared to the previous year's ending net position. Net position of governmental activities increased by \$17,753,464 (3.2%) from the previous year and net position of business-type activities increased by \$9,353,457 (6.2%) from the previous year.

The most significant factors contributing to the governmental activities increases were: (1) the appropriation of \$10,150,000 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 offset by approximately \$9,000,000 in program expenditures, the Downtown Development Districts Grant Program also received approximately \$5,300,000 of investment income; (3) the appropriation of \$8,967,125 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 offset by approximately \$8,300,000 in program expenditures; increases of \$500,000 in the Sustainable Energy Utility Loan Fund due to the receipt of debt proceeds of \$1,500,000 offset by \$1,000,000 in debt service principal payments, and 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 expenditure of \$9,736,775 of advanced American Rescue Plan Funds for the purpose of economic development and affordable housing programs in the Federal family of programs offset by: (1) costs of approximately \$4,100,000 associated with the issuance of revenue bonds within the DSHA Mortgaged Backed Securities Purchase Program; (2) \$1,050,789 in losses on loans in the Single Family Program; (3) offset by net interest income and gains on investments and securitized mortgages of approximately \$3,200,000; and (4) by transfers out transfers in of \$1,970,896 from the General Fund to the Single Family Programs in support of operations.

- Unrestricted net position totaled \$69,698,288. This amount is dedicated to the Authority's operations, pursuant to Title 31, Chapter 40 of the Delaware Code and Authority bond resolutions. The General Fund mortgage receivables balance of \$53,304,281, interfund receivables balance of \$12,864,398, and accrued interest and other receivables balance of \$11,077,277 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 \$571,666,152 an increase of \$17,753,464 (3.2%) 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 \$483,143,925 (213.0%) during fiscal year 2025. The Single Family Programs issued \$470,000,000 of bonds, paid bond calls of \$5,818,575 which were primarily the result of bond redemption and mortgage prepayments, and recognized \$106,413 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 nine 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 29-75 of this report.

Other Information

This report contains certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension and other post-employment benefits to its employees. The required supplementary information can be found on pages 77-86.

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 87-100.

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, 2025:

Delaware Housing Authority's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Noncapital assets	\$ 629,397,690	\$ 612,863,743	\$ 927,440,584	\$ 412,061,719	\$ 1,556,838,274	\$ 1,024,925,462
Capital assets	3,595,754	3,828,004	4,473,762	4,388,734	8,069,516	8,216,738
Total assets	632,993,444	616,691,747	931,914,346	416,450,453	1,564,907,790	1,033,142,200
Deferred outflow of resources	6,302,975	4,145,375	-	-	6,302,975	4,145,375
Long-term liabilities outstanding	58,471,709	55,346,257	711,725,901	234,549,983	770,197,610	289,896,240
Other liabilities	2,776,557	2,767,322	58,038,169	28,997,238	60,814,726	31,764,560
Total liabilities	61,248,266	58,113,579	769,764,070	263,547,221	831,012,336	321,660,800
Deferred inflow of resources	6,382,001	8,810,855	1,356,649	1,463,062	7,738,650	10,273,917
Net position:						
Invested in capital assets	3,511,757	3,701,612	4,295,267	4,120,151	7,807,024	7,821,763
Restricted	495,924,985	479,583,058	159,029,482	148,893,637	654,954,467	628,476,695
Unrestricted	72,229,410	70,628,018	(2,531,122)	(1,573,618)	69,698,288	69,054,400
Total net position	\$ 571,666,152	\$ 553,912,688	\$ 160,793,627	\$ 151,440,170	\$ 732,459,779	\$ 705,352,858

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, 2025:

Delaware State Housing Authority's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 7,212,884	\$ 11,156,356	\$ 21,059,367	\$ 4,200,562	\$ 28,272,251	\$ 15,356,918
Operating grants & contributions	29,749,125	59,557,500	103,162,306	94,433,615	132,911,431	153,991,115
Capital grants & contributions	-	-	765,874	855,362	765,874	855,362
General revenues, principally						
Investment income (loss)	13,625,684	7,739,458	4,754,923	4,242,169	18,380,607	11,981,627
Total revenues	<u>50,587,693</u>	<u>78,453,314</u>	<u>129,742,470</u>	<u>103,731,708</u>	<u>180,330,163</u>	<u>182,185,022</u>
Expenses:						
Administrative	6,539,273	4,683,988	-	-	6,539,273	4,683,988
Affordable rental housing	13,149,967	14,268,980	93,433,015	86,903,645	106,582,982	101,172,625
Community rehabilitation	9,937,987	6,287,029	3,770,550	5,372,865	13,708,537	11,659,894
Home ownership	1,675,072	632,304	24,677,394	4,686,032	26,352,466	5,318,336
Housing rehabilitation	39,984	15,069	-	-	39,984	15,069
Total expenses	<u>31,342,283</u>	<u>25,887,370</u>	<u>121,880,959</u>	<u>96,962,542</u>	<u>153,223,242</u>	<u>122,849,912</u>
Change in net position before transfers	19,245,410	52,565,944	7,861,511	6,769,166	27,106,921	59,335,110
Transfers	(1,491,946)	(3,856,228)	1,491,946	3,856,228	-	-
Changes in net position	17,753,464	48,709,716	9,353,457	10,625,394	27,106,921	59,335,110
Net position, beginning	553,912,688	505,202,972	151,440,170	140,814,776	705,352,858	646,017,748
Net position, ending	<u>\$ 571,666,152</u>	<u>\$ 553,912,688</u>	<u>\$ 160,793,627</u>	<u>\$ 151,440,170</u>	<u>\$ 732,459,779</u>	<u>\$ 705,352,858</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Authority's assets and deferred outflows exceeded its liabilities and deferred inflows by \$732,459,779 at the close of the fiscal year.

Of the Authority's total assets, 58.9% represent mortgage loans outstanding, including securitized mortgage loans. Cash and investments comprise 36.6% of the total assets, while other noncapital assets make up 4% of total assets. Investment in capital assets accounts for 0.5% of total assets. Of the Authority's total liabilities, 84.9% consists of revenue bonds payable. Escrow deposits represent 7.7% of total liabilities. Unearned revenue represents 4.9% of total liabilities, with miscellaneous liabilities comprising 2.5% 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 (89.4%) of the Authority's net position is restricted by bond covenants, federal and state grantors, and the Authority's Loan Program. Another 1.1% of net position reflects the Authority's investment in capital assets (e.g., land, buildings, improvements, and equipment). The remaining 9.5% 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 \$27,106,921 for the fiscal year ending June 30, 2025. Of this amount, governmental activities net position increased by \$17,753,464 and business-type net position increased by \$9,353,457.

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

Of the Authority's total revenues, 73.7% were derived from operating grants and contributions, mostly from HUD and the State of Delaware. Another 15.7% came from charges for services which are mostly comprised of mortgage loan interest. Another .4% came from Capital grants and contributions which are mostly federal programs. Investment income represents 10.2% of total revenues.

Of the Authority's total expenses, 69.6% were for affordable rental housing function, mostly as housing assistance payments. Another 17.2% 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 9.0%, mostly in the form of grants, leaving only 4.2% of total costs attributable to Authority administrative function.

During the fiscal year, net transfers of \$1,491,946 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 \$1,970,836 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 \$980,536 to the General Fund, consisting mainly of the proceeds from the repayment of mortgages and related accrued interest; (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 \$478,890. Additional information regarding the Authority's interfund transactions can be found in note IV., E. on page 57 of this report.

Governmental Activities

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

<u>Function</u>	Fiscal Year 2025 Program			Fiscal Year 2024
	Expenses	Revenues	Net (Exp)/Rev	Net (Exp)/Rev
Administration	\$ 6,539,273	\$ 4,368,892	\$ (2,170,381)	\$ (195,583)
Affordable rental housing	13,149,967	21,289,020	8,139,053	39,305,595
Community rehabilitation	9,937,987	9,550,000	(387,987)	3,212,971
Home ownership	1,675,072	1,748,801	73,729	2,002,931
Housing rehabilitation	39,984	5,296	(34,688)	500,573
Total	\$ 31,342,283	\$ 36,962,009	\$ 5,619,726	\$ 44,826,487

**Governmental Activities
Revenues by Source**

<u>Source</u>	Fiscal Year 2025		Fiscal Year 2024	
	Revenue	Percent	Revenue	Percent
Charges for services	\$ 7,212,884	15%	\$ 11,156,356	15%
Operating grants and contributions	29,749,125	61%	59,557,500	80%
Other general revenues	13,625,684	28%	7,739,458	10%
Transfers	(1,491,946)	-3%	(3,856,228)	-5%
Total	\$ 49,095,747	100%	\$ 74,597,086	100%

Governmental activities increased the Authority's net position by \$17,753,464. The most significant factors contributing to the governmental activities increases were: (1) the appropriation of \$10,150,000 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 offset by approximately \$9,000,000 in program expenditures, the Downtown Development Districts Grant Program also received approximately \$5,300,000 of investment income; (3) the appropriation of \$8,786,125 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 offset by approximately \$8,300,000 in program expenditures; increases of \$500,000 in the Sustainable Energy Utility Loan Fund due to the receipt of debt proceeds of \$1,500,000 offset by \$1,000,000 in debt service principal payments, and the appropriation of \$4,000,000 from the State of Delaware to the Strong Neighborhood Housing Fund.

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

Function	Fiscal Year 2025 Program			Fiscal Year 2024
	Expenses	Revenues	Net (Exp)/Rev	Net (Exp)/Rev
Affordable rental housing	\$ 93,433,015	\$ 102,057,554	\$ 8,624,539	\$ 5,565,593
Community rehabilitation	3,770,550	3,704,064	(66,486)	(1,043)
Home ownership	24,677,394	19,225,929	(5,451,465)	(3,037,554)
Total	\$ 121,880,959	\$ 124,987,547	\$ 3,106,588	\$ 2,526,996

**Business-type Activities
Revenues by Source**

Source	Fiscal Year 2025		Fiscal Year 2024	
	Revenue	Percent	Revenue	Percent
Charges for services	\$ 21,059,367	16%	\$ 4,200,562	4%
Operating grants and contributions	103,162,306	79%	94,433,615	88%
Capital grants and contributions	765,874	1%	855,362	1%
Other general revenues	4,754,923	4%	4,242,169	4%
Transfers	1,491,946	1%	3,856,228	4%
Total	\$ 131,234,416	100%	\$ 107,587,936	100%

Business-type activities increased the Authority's net position by \$9,353,457. The most significant factors contributing to the business-type activities increases were the expenditure of \$9,736,775 of advanced American Rescue Plan Funds for the purpose of economic development and affordable housing programs in the Federal family of programs offset by: (1) costs of approximately \$4,100,000 associated with the issuance of revenue bonds within the DSHA Mortgaged Backed Securities Purchase Program; (2) \$1,050,789 in losses on loans in the Single Family Program; (3) offset by gains on investments and securitized mortgages of approximately \$3,200,000; and (4) by transfers of \$478,890 of assets released from bond covenants due to the calling of outstanding bonds during the year; (5) offset by \$1,970,896 transferred from the General Fund to the Single Family Programs in support of operations.

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 \$571,666,152 an increase of 3.1% 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 \$111,980,490, an decrease of \$482,653 (0.4%) in comparison with the prior year. The key factors of this decrease mostly consisted of General Fund transfers in the amount of \$1,970,836 to the DSHA Mortgage Backed Securities Purchase Program. 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 \$337,950,807 of which \$258,495,462 is restricted, to be used for the specific purposes of HDF activities per enabling legislation and \$79,455,345 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 \$14,694,948 (4.5%) in comparison with the prior year. The increase is the result of grants in the amount of \$10,150,000 from the State of Delaware used to generate mortgages and grants, \$7,262,237 in interest and investment income, \$1,230,600 in fee revenue, and \$66,294 in other revenue offset by Affordable Rental Housing expenditures of \$3,439,183 and a transfer of \$575,000 to the Home 4 Good Program.

The Downtown Development Districts Grant Program (DDD) had a fund balance of \$25,529,176, 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 \$808,796. The increase is the result of grants in the amount of \$8,967,125 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 \$22,529,396, which is reported as restricted. The net decrease in the fund balance during the fiscal year was \$195,867 (0.9%) in comparison with the prior year. The decrease was primarily the result of a \$983,085 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 \$112,469,613 and those of the Single Family Programs Funds amounted to \$46,559,869.

The total increase in net position for the Federal Programs Fund was \$10,086,561 (9.5%) compared to an increase of \$6,656,821 in the prior year, primarily due to the expenditure of \$9,736,775 of advanced American Rescue Plan Funds, the increase of \$917,550 in the Home Investment Partnership Program due to the receipt of grants in the amount of \$3,317,319 offset by \$2,752,422 in operating expenses, an increase of \$569,362 in the Housing Trust Program, an increase of \$621,521 in the ERA Program mainly due to \$13,883,127 of federal grants, offset by \$13,900,394 of operating expenses, offset by the decrease of \$1,184,977 in the MTW Program due to the receipt of \$13,417,792 in grants to program and \$1,303,235 in operating revenues offset by \$16,704,897 in program expenses, and offset by the decrease of \$444,586 in the Homeowner Assistance Fund.

The total decrease in net position for the Single Family Program Funds was \$733,104 (1.7%) in comparison with an increase of \$3,968,572 the prior year. This is primarily due to the issuance of revenue bonds within the DSHA Mortgaged Backed Securities Purchase Program and the costs associated with that issuance in the amount of approximately \$4,140,000, losses on loans of \$1,050,789, net transfers out to the General Fund of \$478,890 offset by investment income of approximately \$3,200,000 and the receipt of transfers in of \$1,970,896.

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, 2025, amounts to \$8,069,516 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment. The total decrease in the Authority's investment in capital assets for the current fiscal year was 1.8% (a 6.1% decrease for governmental activities and a 1.9% increase for business-type activities). The net capital asset additions and improvements for the fiscal year were greater than the decrease in capital assets because of depreciation expense on existing capital assets. Major capital asset events during the fiscal year included the following:

- Improvements to DSHA offices.
- Improvements to Public Housing Land / Sites
- Purchases of Public Housing Equipment

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 572,769	\$ 572,769	\$ 937,559	\$ 937,559	\$ 1,510,328	\$ 1,510,328
Construction in progress	-	240,371	314,381	119,396	314,381	359,767
Buildings	2,468,199	2,374,217	389,577	488,068	2,857,776	2,862,285
Land/site improvements	250,325	268,868	2,425,593	2,406,579	2,675,918	2,675,447
Other equipment	227,356	252,618	163,844	157,290	391,200	409,908
Right of use capital asset - lease	77,105	119,161	242,808	253,215	319,913	372,376
Right of use intangible asset	-	-	-	26,627	-	26,627
Total	\$ 3,595,754	\$ 3,828,004	\$ 4,473,762	\$ 4,388,734	\$ 8,069,516	\$ 8,216,738

Additional information on the Authority's capital assets can be found in note IV., D. on pages 55 and 56 of this report.

Long-term Debt

At the end of the current fiscal year, Delaware State Housing Authority had total bonded debt outstanding of \$683,374,114, notes payable of \$2,500,000, and lease payable of \$262,492. The Authority's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Delaware State Housing Authority's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Notes Payable	\$ 2,500,000	\$ 2,000,000	\$ -	\$ -	\$ 2,500,000	\$ 2,000,000
Revenue bonds payable	-	-	683,374,114	219,192,689	683,374,114	219,192,689
Lease Payable	83,997	126,392	178,495	268,583	262,492	394,975
Subscription Payable	-	-	-	-	-	-
Total	\$ 2,583,997	\$ 2,126,392	\$ 683,552,609	\$ 219,461,272	\$ 686,136,606	\$ 221,587,664

The Authority's outstanding debt, excluding compensated absences, increased by \$464,548,942 (209.7%) in comparison to the prior year. Key factors in this increase were Single Family Programs Enterprise Fund bond issuance of \$470,000,000.

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 58 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, 2025
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024)

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL 2025	TOTAL 2024
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 18,262,745	\$ 10,849,135	\$ 29,111,880	\$ 58,519,682
Investments	253,075,220	232,540,706	485,615,926	346,753,736
Mortgage loans receivable, net	8,092,565	-	8,092,565	1,135,553
Accrued interest & other receivables	1,135,440	873,506	2,008,946	4,788,975
Grants receivable-US Dept of HUD	-	773,084	773,084	308,420
Internal balances	6,652,589	(6,652,589)	-	-
Prepaid expenses	140,116	1,723,781	1,863,897	4,763,102
Total current assets	<u>287,358,675</u>	<u>240,107,623</u>	<u>527,466,298</u>	<u>416,269,468</u>
Non-current assets:				
Cash, restricted for payment of escrows	-	1,939,168	1,939,168	1,877,179
Investments	37,710,454	18,362,869	56,073,323	112,874,591
Securitized mortgage loans	3,781,731	560,994,766	564,776,497	101,049,747
Mortgage loans receivable, net	250,796,377	97,997,271	348,793,648	336,095,243
Accrued interest & other receivables, net	43,564,227	14,225,113	57,789,340	54,471,155
State of Delaware OPEB asset	-	-	-	2,288,079
Internal balances	6,186,226	(6,186,226)	-	-
Capital assets:				
Capital assets not being depreciated	572,769	1,251,940	1,824,709	1,870,095
Capital assets net of accumulated depreciation	3,022,985	3,221,822	6,244,807	6,346,643
Total non-current assets	<u>345,634,769</u>	<u>691,806,723</u>	<u>1,037,441,492</u>	<u>616,872,732</u>
TOTAL ASSETS	<u>632,993,444</u>	<u>931,914,346</u>	<u>1,564,907,790</u>	<u>1,033,142,200</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on State of DE Pension and OPEBs	6,302,975	-	6,302,975	4,145,375
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,302,975</u>	<u>-</u>	<u>6,302,975</u>	<u>4,145,375</u>

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

DELAWARE STATE HOUSING AUTHORITY
STATEMENT OF NET POSITION - CONTINUED
JUNE 30, 2025
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024)

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL 2025	TOTAL 2024
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	\$ 626,151	\$ 2,340,274	\$ 2,966,425	\$ 2,681,619
Unearned Revenue	1,063,179	39,740,240	40,803,419	23,785,113
Due to State of Delaware-pension costs	2,375	-	2,375	2,352
Lease liability	45,913	97,565	143,478	132,482
Compensated absences payable	38,939	28,209	67,148	79,897
Accrued interest payable	-	11,625,653	11,625,653	2,225,287
Notes payable	1,000,000	-	1,000,000	1,000,000
Revenue bonds payable	-	4,206,228	4,206,228	1,857,810
Total current liabilities	<u>2,776,557</u>	<u>58,038,169</u>	<u>60,814,726</u>	<u>31,764,560</u>
Non-current liabilities:				
Compensated absences payable	873,826	406,049	1,279,875	1,186,234
Escrow deposits	54,360,436	9,518,509	63,878,945	62,167,647
Lease liability	38,084	80,930	119,014	262,493
Notes payable	1,500,000	-	1,500,000	1,000,000
Revenue bonds payable	-	701,720,413	701,720,413	224,702,229
State of Delaware pension obligation	98,210	-	98,210	95,028
OPEB liability	1,601,153	-	1,601,153	482,609
Total non-current liabilities	<u>58,471,709</u>	<u>711,725,901</u>	<u>770,197,610</u>	<u>289,896,240</u>
TOTAL LIABILITIES	<u>61,248,266</u>	<u>769,764,070</u>	<u>831,012,336</u>	<u>321,660,800</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on State of DE Pension and OPEBs	6,382,001	-	6,382,001	8,810,855
Deferred amounts on bond refundings	-	1,356,649	1,356,649	1,463,062
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,382,001</u>	<u>1,356,649</u>	<u>7,738,650</u>	<u>10,273,917</u>
NET POSITION				
Invested in capital assets	3,511,757	4,295,267	7,807,024	7,821,763
Restricted by federal and state regulations	460,916,125	112,469,613	573,385,738	555,769,056
Restricted by bond covenants	-	46,559,869	46,559,869	46,195,302
Restricted for Authority Loan Program	35,008,860	-	35,008,860	24,224,258
Restricted for Net OPEB Asset	-	-	-	2,288,079
Unrestricted, for Authority's purposes	72,229,410	(2,531,122)	69,698,288	69,054,400
TOTAL NET POSITION	<u>\$ 571,666,152</u>	<u>\$ 160,793,627</u>	<u>\$ 732,459,779</u>	<u>\$ 705,352,858</u>

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, 2025
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

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 2025	TOTAL 2024
Governmental activities:								
Administrative	\$ 6,539,273	\$ 4,161,892	\$ 207,000	\$ -	\$ (2,170,381)	\$ -	\$ (2,170,381)	\$ (195,583)
Affordable rental housing	13,149,967	1,296,895	19,992,125	-	8,139,053	-	8,139,053	39,305,595
Community rehabilitation	9,937,987	-	9,550,000	-	(387,987)	-	(387,987)	3,212,971
Home ownership	1,675,072	1,748,801	-	-	73,729	-	73,729	2,002,931
Housing rehabilitation	39,984	5,296	-	-	(34,688)	-	(34,688)	500,573
Total governmental activities	\$ 31,342,283	\$ 7,212,884	\$ 29,749,125	\$ -	\$ 5,619,726	\$ -	\$ 5,619,726	\$ 44,826,487
Business-type activities:								
Affordable housing	\$ 93,433,015	\$ 1,833,438	\$ 99,458,242	\$ 765,874	\$ -	\$ 8,624,539	\$ 8,624,539	\$ 5,565,593
Community rehabilitation	3,770,550	-	3,704,064	-	-	(66,486)	(66,486)	(1,043)
Home ownership	24,677,394	19,225,929	-	-	-	(5,451,465)	(5,451,465)	(3,037,554)
Total business-type activities	\$ 121,880,959	\$ 21,059,367	\$ 103,162,306	\$ 765,874	\$ -	\$ 3,106,588	\$ 3,106,588	\$ 2,526,996
General revenues:								
Investment income, gains/(losses) on investments, and miscellaneous earnings					\$ 13,625,684	\$ 4,754,923	\$ 18,380,607	\$ 11,981,627
Transfers					(1,491,946)	1,491,946	-	-
Total general revenues and transfers					12,133,738	6,246,869	18,380,607	11,981,627
Change in net position					17,753,464	9,353,457	27,106,921	59,335,110
Net position, beginning of year					553,912,688	151,440,170	705,352,858	646,017,748
Net position, end of year					\$ 571,666,152	\$ 160,793,627	\$ 732,459,779	\$ 705,352,858

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



DELAWARE STATE HOUSING AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024)

	GENERAL FUND	HOUSING DEVELOPMENT FUND	DOWNTOWN DEVELOPMENT DISTRICTS GRANT FUND	STATE RENTAL ASSISTANCE PROGRAM	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
						2025	2024
ASSETS							
Cash & cash equivalents	\$ 6,931,967	\$ 585,587	\$ 81,697	\$ 2,671,660	\$ 7,991,834	\$ 18,262,745	\$ 38,753,230
Investments	26,162,652	185,438,882	25,447,479	5,932,582	47,804,079	290,785,674	256,727,035
Securitized mortgage loans	3,781,731	-	-	-	-	3,781,731	4,032,492
Interfund receivables	12,864,398	-	-	-	-	12,864,398	7,159,435
Loans receivable							
Mortgages receivable, net	53,304,281	180,373,422	-	-	25,211,239	258,888,942	258,904,434
Accrued interest & other receivables	11,077,277	25,743,114	-	-	7,879,276	44,699,667	45,304,035
Prepaid items	140,116	-	-	-	-	140,116	144,372
TOTAL ASSETS	\$ 114,262,422	\$ 392,141,005	\$ 25,529,176	\$ 8,604,242	\$ 88,886,428	\$ 629,423,273	\$ 611,025,033
LIABILITIES & FUND BALANCES							
LIABILITIES							
Accounts payable & Accrued Expense	\$ 422,556	\$ 177,219	\$ -	\$ -	\$ 26,376	\$ 626,151	\$ 604,178
Due to St of Delaware-pension cost	2,375	-	-	-	-	2,375	2,352
Interfund payables	24,089	50	-	-	1,444	25,583	449,370
Compensated absences payable	38,939	-	-	-	-	38,939	44,086
Unearned revenue	1,063,179	-	-	-	-	1,063,179	1,074,312
Escrow deposits	340,441	54,012,929	-	-	7,066	54,360,436	52,817,027
TOTAL LIABILITIES	1,891,579	54,190,198	-	-	34,886	56,116,663	54,991,325
DEFERRED INFLOWS OF RESOURCES							
Deferred amounts on Developer Fee	390,353	-	-	-	-	390,353	390,353
TOTAL DEFERRED INFLOWS OF RESOURCES	390,353	-	-	-	-	390,353	390,353
FUND BALANCES							
Nonspendable	76,971,631	-	-	-	-	76,971,631	78,330,302
Restricted	-	258,495,462	25,529,176	8,604,242	88,831,899	381,460,779	395,630,072
Committed	35,008,859	79,455,345	-	-	-	114,464,204	81,664,907
Assigned	-	-	-	-	19,643	19,643	19,643
Unassigned	-	-	-	-	-	-	(1,569)
TOTAL FUND BALANCES	111,980,490	337,950,807	25,529,176	8,604,242	88,851,542	572,916,257	555,643,355
TOTAL LIABILITIES & FUND BALANCES	\$ 114,262,422	\$ 392,141,005	\$ 25,529,176	\$ 8,604,242	\$ 88,886,428	\$ 629,423,273	\$ 611,025,033

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, 2025

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

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS (page 19)	\$ 572,916,257
Pension and other post-employment benefits (OPEB) assets/(liabilities) are not financial resources and, therefore, are not reported in the fund	(1,699,363)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	3,595,754
Deferred outflows of resources related to State of Delaware pensions and OPEB	6,302,975
Long-term liabilities are not due and payable in the current period and, therefore not reported in the fund	(3,457,823)
Deferred inflows of resources related to Developer Fee Receivable	390,353
Deferred inflows of resources related to State of Delaware pensions and OPEB	<u>(6,382,001)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES (page 16)	<u>\$ 571,666,152</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, 2025
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	GENERAL FUND	HOUSING DEVELOPMENT FUND	DOWNTOWN DEVELOPMENT DISTRICTS GRANT FUND	STATE RENTAL ASSISTANCE PROGRAM	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
						2025	2024
REVENUES							
Interest income:							
Investments	\$ 946,820	\$ 4,053,908	\$ 854,525	\$ 194,852	\$ 1,918,617	\$ 7,968,722	\$ 6,017,430
Loans	1,857,489	1,918,561	-	-	129,599	3,905,649	5,571,451
Total interest income	2,804,309	5,972,469	854,525	194,852	2,048,216	11,874,371	11,588,881
Grants	7,000	-	-	-	-	7,000	21,000
Payments from primary government	200,000	10,150,000	5,500,000	8,967,125	4,050,000	28,867,125	59,036,500
Gains/(losses) on investments	461,545	1,289,768	-	-	-	1,751,313	1,722,028
Fees	3,856,291	1,230,600	-	-	48,900	5,135,791	3,826,560
Other revenue	302,099	66,294	-	-	2,583,700	2,952,093	2,258,345
TOTAL REVENUES	7,631,244	18,709,131	6,354,525	9,161,977	8,730,816	50,587,693	78,453,314
EXPENDITURES							
Current:							
Administrative	7,472,209	-	-	-	-	7,472,209	6,877,543
Affordable rental housing	28,741	3,439,183	-	8,353,181	1,328,862	13,149,967	14,268,980
Community rehabilitation	-	-	8,991,608	-	946,379	9,937,987	6,287,029
Home ownership	53,971	-	-	-	1,621,101	1,675,072	632,303
Housing rehabilitation	-	-	-	-	39,984	39,984	15,069
Capital Outlay	-	-	-	-	-	-	1,333,891
Debt Service							
Principal	42,394	-	-	-	1,000,000	1,042,394	39,079
Interest	5,232	-	-	-	-	5,232	6,493
TOTAL EXPENDITURES	7,602,547	3,439,183	8,991,608	8,353,181	4,936,326	33,322,845	29,460,387
EXCESS/(DEFICIT) REVENUE OVER EXPENDITURES	28,697	15,269,948	(2,637,083)	808,796	3,794,490	17,264,848	48,992,927
OTHER FINANCING SOURCES (USES)							
Debt Proceeds	-	-	-	-	1,500,000	1,500,000	-
Transfers in	1,459,486	-	-	-	577,489	2,036,975	16,496,126
Transfers out	(1,970,836)	(575,000)	-	-	(983,085)	(3,528,921)	(20,352,354)
TOTAL OTHER FINANCING SOURCES (USES)	(511,350)	(575,000)	-	-	1,094,404	8,054	(3,856,228)
NET CHANGE IN FUND BALANCES	(482,653)	14,694,948	(2,637,083)	808,796	4,888,894	17,272,902	45,136,699
FUND BALANCES, BEGINNING	112,463,143	323,255,859	28,166,259	7,795,446	83,962,648	555,643,355	510,506,656
FUND BALANCES, ENDING	\$ 111,980,490	\$ 337,950,807	\$ 25,529,176	\$ 8,604,242	\$ 88,851,542	\$ 572,916,257	\$ 555,643,355

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, 2025

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

NET CHANGES IN FUND BALANCE-TOTAL GOVERNMENTAL FUNDS (page 21)	\$	17,272,902
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.		1,153,389
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.		(232,250)
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.		(6,230)
Governmental funds report debt proceeds as a source of funds. However, this is not revenue on the statement of activities.		(1,500,000)
Governmental funds report debt repayments as a source of funds. However, this is not expense on the statement of activities.		1,042,394
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	\$	19,378
Cost of benefits earned net of employee contributions		3,881
		<u>23,259</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 17)		<u>\$ 17,753,464</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, 2025
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024)

	FEDERAL	SINGLE	TOTAL ENTERPRISE	
	PROGRAMS ENTERPRISE FUND	FAMILY PROGRAMS ENTERPRISE FUND	FUNDS	
			2025	2024
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 8,631,554	\$ 2,217,581	\$ 10,849,135	\$ 19,766,452
Investments	50,609,020	181,931,686	232,540,706	187,297,620
Accrued interest and other receivables	467,534	405,972	873,506	665,570
Grants receivable-US Dept of HUD	773,084	-	773,084	308,420
Interfund receivables	20,220	-	20,220	19,170
Prepaid expenses	1,723,781	-	1,723,781	4,618,730
Total current assets	62,225,193	184,555,239	246,780,432	212,675,962
Non-Current Assets:				
Cash, restricted for payment of escrows	1,939,168	-	1,939,168	1,877,179
Investments	7,394,341	10,968,528	18,362,869	15,603,671
Securitized mortgage loans	-	560,994,766	560,994,766	97,017,255
Mortgage loans receivable, net	86,078,500	11,918,771	97,997,271	78,326,362
Accrued interest and other receivables, net	11,957,964	2,267,149	14,225,113	13,290,525
Interfund receivables	3,869	-	3,869	22,632
Capital assets not being depreciated	1,251,940	-	1,251,940	1,056,955
Capital assets net of accumulated depreciation	3,221,822	-	3,221,822	3,331,779
Total non-current assets	111,847,604	586,149,214	697,996,818	210,526,358
TOTAL ASSETS	174,072,797	770,704,453	944,777,250	423,202,320
LIABILITIES				
Current Liabilities:				
Accounts payable	2,340,233	41	2,340,274	2,077,441
Unearned revenue	39,740,240	-	39,740,240	22,710,801
Interfund payables	1,330,783	5,342,026	6,672,809	1,873,140
Lease liability	97,565	-	97,565	90,088
Compensated absences payable	28,209	-	28,209	35,811
Accrued interest payable	-	11,625,653	11,625,653	2,225,287
Revenue bonds payable	-	4,206,228	4,206,228	1,857,810
Total current liabilities	43,537,030	21,173,948	64,710,978	30,870,378
Non-Current Liabilities:				
Interfund payables	4,288,700	1,901,395	6,190,095	4,878,727
Lease liability	80,930	-	80,930	178,495
Compensated absences payable	406,049	-	406,049	318,639
Escrow deposits	9,518,509	-	9,518,509	9,350,620
Revenue bonds payable	-	701,720,413	701,720,413	224,702,229
Total non-current liabilities	14,294,188	703,621,808	717,915,996	239,428,710
TOTAL LIABILITIES	57,831,218	724,795,756	782,626,974	270,299,088
DEFERRED INFLOW OF RESOURCES				
Deferred amount on bond refunding	-	1,356,649	1,356,649	1,463,062
TOTAL DEFERRED INFLOW OF RESOURCES	-	1,356,649	1,356,649	1,463,062
NET POSITION				
Invested in capital assets	4,295,267	-	4,295,267	4,120,151
Restricted by federal regulations	112,469,613	-	112,469,613	102,698,335
Restricted by bond covenants	-	46,559,869	46,559,869	46,195,302
Unrestricted	(523,301)	(2,007,821)	(2,531,122)	(1,573,618)
TOTAL NET POSITION	\$ 116,241,579	\$ 44,552,048	\$ 160,793,627	\$ 151,440,170

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, 2025
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	FEDERAL	SINGLE	TOTAL ENTERPRISE	
	PROGRAMS	FAMILY	FUNDS	
	ENTERPRISE	ENTERPRISE	2025	2024
	FUND	FUND		
OPERATING REVENUES				
Interest income on loans	\$ 333,377	\$ 17,896,404	\$ 18,229,781	\$ 2,469,215
Federal housing program grants	103,162,306	-	103,162,306	94,433,615
Rental income	583,580	-	583,580	638,685
Amortization of bond premium	-	409,004	409,004	-
Amortization of deferred revenues	-	106,413	106,413	112,733
Miscellaneous	916,481	814,108	1,730,589	979,929
TOTAL OPERATING REVENUES	104,995,744	19,225,929	124,221,673	98,634,177
OPERATING EXPENSES				
Interest expense on bonds	-	19,467,243	19,467,243	2,822,042
Administrative	10,049,517	1,050,789	11,100,306	8,383,049
Grants and housing assistance payments	83,873,843	-	83,873,843	80,610,874
Public housing maintenance & utilities	2,610,093	-	2,610,093	2,200,307
Bond issuance costs	-	4,144,362	4,144,362	1,841,031
Depreciation and amortization	658,995	-	658,995	1,080,025
Other expenses	-	15,000	15,000	10,000
TOTAL OPERATING EXPENSES	97,192,448	24,677,394	121,869,842	96,947,328
OPERATING INCOME	7,803,296	(5,451,465)	2,351,831	1,686,849
NON-OPERATING INCOME/(EXPENSES)				
Investment income	1,528,568	6,552,221	8,080,789	6,708,117
Interest Expense	(11,117)	-	(11,117)	(15,215)
Change in fair value of investments	-	(3,325,866)	(3,325,866)	(2,465,948)
TOTAL NON-OPERATING INCOME/(EXPENSES)	1,517,451	3,226,355	4,743,806	4,226,954
INCOME/(LOSS) BEFORE CAPITAL GRANTS AND OPERATING TRANSFERS				
	9,320,747	(2,225,110)	7,095,637	5,913,803
Capital grants	765,874	-	765,874	855,362
Transfers in	-	1,970,896	1,970,896	9,743,698
Transfers out	(60)	(478,890)	(478,950)	(5,887,470)
CHANGE IN NET POSITION	10,086,561	(733,104)	9,353,457	10,625,393
NET POSITION, BEGINNING	106,155,018	45,285,152	151,440,170	140,814,777
NET POSITION, ENDING	\$ 116,241,579	\$ 44,552,048	\$ 160,793,627	\$ 151,440,170

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, 2025
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	FEDERAL	SINGLE	TOTAL ENTERPRISE	
	PROGRAMS	FAMILY	FUNDS	
	ENTERPRISE	PROGRAMS		
	FUND	ENTERPRISE	2025	2024
	FUND	FUND		
OPERATING ACTIVITIES:				
Securitized mortgage loans principal repayments received	\$ -	\$ 8,489,664	\$ 8,489,664	\$ 2,288,669
Mortgage loans principal repayments received	851,580	526,681	1,378,261	534,724
Mortgage interest payments received	333,377	16,004,045	16,337,422	1,244,968
Grants received	119,728,710	-	119,728,710	54,148,531
Rental and related rental income	670,769	-	670,769	677,998
Escrow receipts	2,962,915	-	2,962,915	2,453,495
Other receipts	923,262	814,108	1,737,370	1,048,487
Purchase of securitized mortgage loans	-	(476,065,651)	(476,065,651)	(80,342,028)
New mortgages disbursed	(10,095,923)	(11,140,381)	(21,236,304)	(8,681,722)
Grants disbursed	(80,978,894)	-	(80,978,894)	(79,976,812)
Goods/Services expenses	(5,237,393)	(17,078)	(5,254,471)	(4,801,477)
Employee expenses	(4,009,768)	-	(4,009,768)	(3,905,362)
Maintenance and utility expenses	(2,610,093)	-	(2,610,093)	(1,895,251)
Trustee and servicing fees paid	-	(15,000)	(15,000)	(10,000)
Escrow disbursements	(2,918,626)	-	(2,918,626)	(3,034,603)
NET CASH PROVIDED BY OPERATING ACTIVITIES	19,619,916	(461,403,612)	(441,783,696)	(120,250,383)
NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from revenue bonds	-	485,594,181	485,594,181	207,367,350
Interfund payments received	-	1,970,896	1,970,896	13,441,222
Repayments of principal on revenue bonds	-	(5,818,575)	(5,818,575)	(2,082,879)
Payments of interest on revenue bonds	-	(10,066,877)	(10,066,877)	(596,755)
Bond issuance costs	-	(4,144,362)	(4,144,362)	(1,841,031)
Interfund payments made	(60)	5,195,148	5,195,088	(7,381,091)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(60)	472,730,411	472,730,351	208,906,816
CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grant funds from US Dept of HUD	764,245	-	764,245	855,362
Interest Expense	(11,117)	-	(11,117)	(15,215)
Subscription Based Information Technology Arrangement Liability	-	-	-	(264,038)
Payments on lease assets	(90,089)	-	(90,089)	(83,044)
Purchase of capital assets	(744,023)	-	(744,023)	(680,273)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(80,984)	-	(80,984)	(187,208)
INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments	51,005,199	531,268,560	582,273,759	248,356,109
Interest income on investments	1,528,568	5,292,620	6,821,188	3,942,962
Purchase of investment securities	(79,946,439)	(548,931,496)	(628,877,935)	(356,214,553)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(27,412,672)	(12,370,316)	(39,782,988)	(103,915,482)
NET INCREASE (DECREASE) IN CASH/CASH EQUIVALENTS	(7,873,800)	(1,043,517)	(8,917,317)	(15,446,257)
CASH/CASH EQUIVALENTS, BEGINNING OF YEAR	16,505,354	3,261,098	19,766,452	35,212,709
CASH/CASH EQUIVALENTS, END OF YEAR	\$ 8,631,554	\$ 2,217,581	\$ 10,849,135	\$ 19,766,452

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 - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	FEDERAL	SINGLE	TOTAL ENTERPRISE	
	PROGRAMS	FAMILY	FUNDS	
	ENTERPRISE	ENTERPRISE	2025	2024
	FUND	FUND		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES				
OPERATING INCOME/(LOSS)	\$ 7,803,296	\$ (5,451,465)	\$ 2,351,831	\$ 1,686,849
Adjustments to reconcile operating income to net cash provided(used) by operating activities:				
Amortization of deferred bond costs and bond issuance	-	4,037,949	4,037,949	1,841,031
Amortization of bond premium	-	(409,004)	(409,004)	(112,733)
Amortization of lease assets	89,371	-	89,371	89,372
Loan loss allowance	-	1,038,714	1,038,714	-
Depreciation expense	569,624	-	569,624	990,653
Interest expense on bonds	-	19,467,243	19,467,243	2,822,042
Decrease / (Increase) in fair value of securitized mortgage loans	-	(3,598,476)	(3,598,476)	(2,618,141)
Changes in assets and liabilities:				
(Increase) decrease in accrued interest and other receivables	500,228	(1,892,359)	(1,392,131)	231,598
(Increase) decrease in securitized mortgage loans	-	(463,977,511)	(463,977,511)	(75,435,217)
(Increase) decrease in mortgage loans receivable	(10,095,923)	(10,613,700)	(20,709,623)	(8,481,224)
(Increase) decrease in prepaid expense	2,894,949	-	2,894,949	(683,228)
Increase (decrease) in accounts payable and accrued expenses	784,644	(5,003)	779,641	(8,689)
Increase (decrease) in deferred revenue	17,029,439	-	17,029,439	(40,172,464)
Increase (decrease) in escrow deposits	44,288	-	44,288	(400,232)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 19,619,916	\$ (461,403,612)	\$ (441,783,696)	\$ (120,250,383)
NONCASH NONCAPITAL FINANCING ACTIVITIES				
Subscription Based Information Technology Arrangement				
Right-Of-Use Asset	\$ -	\$ -	\$ -	\$ -
Liability	-	-	-	-
NET NONCASH TRANSFERS	\$ -	\$ -	\$ -	\$ -
NONCASH INVESTING ACTIVITIES				
Increase (decrease) in fair value of escrow investments	\$ 61,612	\$ -	\$ 61,612	\$ (140,283)

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

DELAWARE STATE HOUSING AUTHORITY
 STATEMENTS OF FIDUCIARY NET POSITION
 JUNE 30, 2025
 (WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2024)

	<u>DSHA RETIREE MEDICAL TRUST</u>	
	<u>2025</u>	<u>2024</u>
ASSETS		
Interest receivable on investments	\$ 107,521	\$ 105,651
Interest receivable on loans	4,192	4,308
Other receivables	-	4,576
Investments, at fair value:		
Money market and savings accounts	53,833	120,811
Corporate notes	6,369,292	6,087,014
Commercial paper	314,432	-
U.S. Treasury Obligations	5,311,058	3,539,765
U.S. Government Agencies	4,783,705	5,752,108
Loans receivable	<u>1,006,038</u>	<u>1,033,889</u>
Total assets	<u>17,950,071</u>	<u>16,648,122</u>
LIABILITIES		
Accounts payable	<u>2,353</u>	<u>2,087</u>
Total liabilities	<u>2,353</u>	<u>2,087</u>
NET POSITION		
Net Position Restricted for OPEB	<u>\$ 17,947,718</u>	<u>\$ 16,646,035</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 YEAR ENDED JUNE 30, 2025
 (WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	<u>DSHA RETIREE MEDICAL TRUST</u>	
	<u>2025</u>	<u>2024</u>
ADDITIONS		
Contributions:		
Employer contributions	\$ 634,193	\$ 955,469
Other contributions	-	-
Total contributions	<u>634,193</u>	<u>955,469</u>
Investment earnings:		
Interest	414,879	341,347
Interest on loan	50,946	52,307
Net increase (decrease) in fair value	491,996	376,704
Total investment earnings	<u>957,821</u>	<u>770,358</u>
Less: Investment expense	<u>(8,796)</u>	<u>(7,898)</u>
Net investment earnings	<u>949,025</u>	<u>762,460</u>
Total additions	<u>1,583,218</u>	<u>1,717,929</u>
DEDUCTIONS		
Benefits paid	268,235	233,088
Administrative expenses	13,300	12,300
Total deductions	<u>281,535</u>	<u>245,388</u>
Net increase in net position	1,301,683	1,472,541
Net position - beginning	<u>16,646,035</u>	<u>15,173,494</u>
Net position - ending	<u>\$ 17,947,718</u>	<u>\$ 16,646,035</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, 2025**

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**DELAWARE STATE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2024 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, required supplementary information and other 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 fund, even though the fiduciary fund is 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 a one-time supplemental of \$40,000,000 from the State of Delaware in fiscal year 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 2025 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 \$8,967,125 from the State of Delaware to support fiscal year 2025 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 2025, the Authority received a Federal Home Loan Bank of Pittsburgh allocation of \$875,000 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 transferred to 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, 2025. 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 \$2,500,000 from the Delaware Sustainable Energy Utility during fiscal year 2025, to operate 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.
- **Home Sweet Home & Delaware Diamonds Programs** - These programs were created to provide down payment and closing cost assistance loans to qualified homebuyers with funds provided by DSHA's State Supplemental Fund. 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 (NFMC) - agencies are paid set fees per client for mortgage delinquency and foreclosure prevention counseling sessions and (2) Making Home Affordable Outreach and Intake Project (MHA) - agencies are paid a set fee per client for homeownership pre-purchase counseling sessions.
- **Second Chance Act Reentry Initiative/I-ADAPT Housing** - The Authority has partnered with the Criminal Justice Council (CJC), a state government council, to distribute a portion of U.S. Department of Justice funds the CJC received as part of its Second Chance Act Adult State Demonstration Competitive Grant. The Authority's portion of this demonstration program is designed to assist offenders to attain and maintain shelter. Individuals receive financial assistance (1) with security deposits, utility deposits, and utility arrears; (2) for crisis housing; and/or (3) with short term rental assistance.

- **Section 8 Contract Administration (CA)** - The Authority administers Housing Assistance Payment (HAP) contracts for 59 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.
- **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.
- **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 (Welcome Home)** - 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 the initial loan at closing. Lakeview Loan Servicing, serving as the Master Servicer, servicing the individual mortgage loans, the second mortgages provided for down payment and closing cost assistance 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 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, 2024, the Authority adopted GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

Impact of Future Accounting Pronouncements

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 assets 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 GASB 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 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 \$84,369 has been established for tenant accounts receivable in the business-type activities and the Federal Programs Enterprise Fund as of June 30, 2025. 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, 2025 was \$7,695,380 in the Housing Development Fund, governmental activity and major governmental fund; and \$6,706,708 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 along with specific projects identified to be uncollectible.

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, 2025, an allowance for doubtful accounts equal 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, 2025, was \$1,628,164 in the Housing Development Fund. The allowance as of June 30, 2025, was \$0 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. 101, 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 do not 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 HOME, HTF, and MTW programs. The HOME and HTF 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, 2025, the investments held in Escrow Deposits had a total cost of \$61,132,336 and a fair market value of \$61,266,037. Total Escrow Deposits due to borrowers totaled \$60,895,598. 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 balances	\$ 12,840,310
Mortgages receivable, net	53,304,281
Accrued interest & other receivables	11,077,277
Prepaid items	140,116
Deferred Inflow	<u>(390,353)</u>
 Total nonspendable	 <u><u>\$ 76,971,631</u></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, \$26,162,652 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 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, 2025, is as follows:

	General Fund	Housing Development Fund	Downtown Development Districts Grant Fund	State Rental Assistance Program	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
General Fund	\$ 76,971,631	\$ -	\$ -	\$ -	\$ -	\$ 76,971,631
Total nonspendable	76,971,631	-	-	-	-	76,971,631
Restricted:						
Housing Development	-	258,495,462	-	-	-	258,495,462
Downtown Development Districts	-	-	25,529,176	-	-	25,529,176
Rental Assistance	-	-	-	8,604,242	-	8,604,242
Foreclosure Prevention and Housing Counseling	-	-	-	-	29,151,999	29,151,999
Housing Rehabilitation	-	-	-	-	350,915	350,915
Affordable Housing	-	-	-	-	5,171,461	5,171,461
Mortgage Assistance	-	-	-	-	30,690,215	30,690,215
Energy Conservation in Affordable Multifamily Housing Loan Fund	-	-	-	-	2,500,000	2,500,000
Neighborhood Revitalization	-	-	-	-	20,966,389	20,966,389
Other Purposes	-	-	-	-	920	920
Total Restricted	-	258,495,462	25,529,176	8,604,242	88,831,899	381,460,779
Committed:						
General Fund	35,008,859	-	-	-	-	35,008,859
Housing Development	-	79,455,345	-	-	-	79,455,345
Total committed	35,008,859	79,455,345	-	-	-	114,464,204
Assigned:						
Other Purposes	-	-	-	-	19,643	19,643
Total assigned	-	-	-	-	19,643	19,643
Unassigned:						
Total Fund Balance	\$ 111,980,490	\$ 337,950,807	\$ 25,529,176	\$ 8,604,242	\$ 88,851,542	\$ 572,916,257

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, 2024, 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 \$3,595,754 difference are as follows:

Capital assets	\$ 7,041,548
Less: Accumulated depreciation & amortization	<u>(3,445,794)</u>
Net capital asset adjustment	<u>\$ 3,595,754</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 \$(3,457,823) difference are as follows:

Compensated absences	\$ (873,826)
Lease liability	(83,997)
Sustainable Energy Utility Loan	<u>(2,500,000)</u>
Net long-term liabilities adjustment	<u>\$ (3,457,823)</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 \$(232,250) difference are as follows:

Capital outlay	\$	-
Less: Depreciation & amortization expense		(232,250)
Net capital asset adjustment	\$	<u>(232,250)</u>

III. COMPLIANCE AND ACCOUNTABILITY

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Investment Policies

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

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

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

For the State of Delaware Investment Pool, fair value of the pool shares is the same as the carrying value of the pool shares. The State of Delaware Cash Management Policy Board provides oversight for this pool. The Authority's securitized mortgage loans are primarily mortgage loans originated under various bond resolutions that have been pooled and securitized by a servicer under contract to the Authority. Upon securitization, these Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and Federal Home Loan Mortgage Corporation (FHLMC) securities are then purchased by the bond issue trustee utilizing the proceeds of the respective bonds. The bonds in turn are secured, respectively, by the securities purchased with the bond proceeds. The fixed-rate securitized mortgage loans are sensitive to changes in interest rates, which may result in prepayments of underlying mortgages.

Investments

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

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

The following is a listing of investments and their maturities:

Investment Type	Fair Value 6/30/2025	Investment Maturities (in Years)				
		Less than 1	1 to 5	5 to 10	10 to 20	20 to 30
Governmental activities:						
US Treasury Notes	\$ 30,643,121	\$ 5,182,320	\$ 25,460,801	\$ -	\$ -	\$ -
US Treasury Bills	2,862,556	2,862,556	-	-	-	-
US Treasury Bonds	1,357,740	-	1,357,740	-	-	-
US Treasury Strips	464,735	464,735	-	-	-	-
US Agencies	33,874,495	17,523,014	16,351,481	-	-	-
Corporate Notes - Domestic	43,372,912	13,396,114	29,976,798	-	-	-
Commercial Paper	2,756,762	2,756,762	-	-	-	-
Investment Agreements	-	-	-	-	-	-
Money Market Bank Accounts	2,687,444	2,687,444	-	-	-	-
Money Market Savings Accounts	-	-	-	-	-	-
Certificates of Deposits	165,753,791	165,753,791	-	-	-	-
State of Delaware Investment Pool	313,111	313,111	-	-	-	-
Uninvested Principal Cash	6,699,007	6,699,007	-	-	-	-
Securitized Mortgage Loans	3,781,731	-	-	-	3,496,851	284,880
Total Governmental Activities Investments	294,567,405	217,638,854	73,146,820	-	3,496,851	284,880
Business-type Activities:						
US Treasury Notes	7,277,993	1,181,010	6,096,983	-	-	-
US Treasury Bills	420,903	420,903	-	-	-	-
US Treasury Bonds	94,379	-	94,379	-	-	-
US Agencies	5,370,546	3,130,929	2,239,617	-	-	-
Corporate Notes	8,259,534	1,746,332	6,513,202	-	-	-
Commercial Paper	82,540	82,540	-	-	-	-
Investment Agreements	-	-	-	-	-	-
Money Market Savings Accounts	1,553,932	1,553,932	-	-	-	-
Money Market Bank Accounts	148,710,950	148,710,950	-	-	-	-
Certificates of Deposits	57,634,901	57,634,901	-	-	-	-
State of Delaware Investment Pool	-	-	-	-	-	-
Uninvested Principal Cash	21,497,896	21,497,896	-	-	-	-
Securitized Mortgage Loans	560,994,766	-	-	-	17,283,510	543,711,256
Total Business-type Activities Investments	811,898,340	235,959,393	14,944,181	-	17,283,510	543,711,256
Total Entity-wide Investments	\$ 1,106,465,745	\$ 453,598,247	\$ 88,091,001	\$ -	\$ 20,780,361	\$ 543,996,136
Fiduciary Fund Investments:						
U.S. Treasury Notes	\$ 5,311,058	\$ 1,610,643	\$ 3,700,415	\$ -	\$ -	\$ -
U.S. Agencies	4,783,705	4,161,783	621,922	-	-	-
Corporate Notes	6,369,292	1,793,829	4,575,463	-	-	-
Commercial Paper	314,432	314,432	-	-	-	-
Money Market Savings Accounts	53,817	53,817	-	-	-	-
Money Market Bank Account	16	16	-	-	-	-
Uninvested Principal Cash	-	-	-	-	-	-
Mortgage Loan Receivable	1,006,038	29,246	170,468	218,733	280,713	306,878
Total Fiduciary Fund Investments	\$ 17,838,358	\$ 7,963,766	\$ 9,068,268	\$ 218,733	\$ 280,713	\$ 306,878

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 \$1,006,038 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:

<u>Issuer</u>	<u>Amount</u>
Pricoa Global Funding Bonds	\$ 1,108,433
Federal Farm Credit Bank	1,567,793
Federal Home Loan Bank	1,173,283
Federal National Mortgage Association	2,042,627
Massmutual Global Fund	1,260,090

As of June 30, 2025, the Authority's investments were rated as follows:

Investment Type	Ratings (S & P)								U.S.	
	A1	A1+	A	A+	AA-	AA	AA+	AAA	Government Guaranteed	
Governmental activities:										
US Treasury Notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,643,121
US Treasury Bills	-	-	-	-	-	-	-	-	-	2,862,556
US Treasury Bonds	-	-	-	-	-	-	-	-	-	1,357,740
US Treasury Strips	-	-	-	-	-	-	-	-	-	464,735
US Agencies	-	-	-	-	-	-	32,443,640	-	-	1,430,855
Corporate Notes	-	-	-	-	25,298,044	6,065,856	10,326,968	1,682,044	-	-
Commercial Paper	1,730,203	1,026,559	-	-	-	-	-	-	-	-
Securitized Mortgage Loans	-	-	-	-	-	-	-	-	-	3,781,731
Business-type activities:										
US Treasury Notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,277,993
US Treasury Bills	-	-	-	-	-	-	-	-	-	420,903
US Treasury Bonds	-	-	-	-	-	-	-	-	-	94,379
US Agencies	-	-	-	-	-	-	5,034,872	-	-	335,674
Corporate Notes	-	-	-	-	5,460,602	594,916	2,153,945	50,071	-	-
Commercial Paper	82,540	-	-	-	-	-	-	-	-	-
Securitized Mortgage Loans	-	-	-	-	-	-	-	-	-	560,994,767
Fiduciary Fund:										
US Treasury Notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,311,058
US Agencies	-	-	-	-	-	-	4,783,705	-	-	-
Corporate Notes	-	-	-	-	3,832,372	341,226	2,195,694	-	-	-
Commercial Paper	314,432	-	-	-	-	-	-	-	-	-

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. The Authority's deposits are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). The bank and savings money markets balance at June 30, 2025, of \$47,187,494 were collateralized by securities pledged and identified as held in the Authority's name totaling \$49,327,136. Bank and saving money markets of \$11,434,017 were secured by an Irrevocable Standby Letter of Credit of \$13,200,000 through April 9, 2026, issued by the Federal Home Loan Bank of Pittsburgh. Certificates of deposit totaling \$224,917,103 at June 30, 2025, were fully insured by the FDIC. There were no uninsured or uncollateralized cash balances as of June 30, 2025.

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 \$541,689,249 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 June 30, 2025	Fair Value Measurements Using		
		Quoted Process in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Governmental activities:				
US Treasury Notes	\$ 30,643,121	\$ 30,643,121	\$ -	\$ -
US Treasury Bills	2,862,556	2,862,556	-	-
US Treasury Bonds	1,357,740	1,357,740	-	-
US Treasury Strips	464,735	464,735	-	-
US Agencies	33,874,495	33,874,495	-	-
Corporate Notes	43,372,912	43,372,912	-	-
Commercial Paper	2,756,762	2,756,762	-	-
Money Market Bank Accounts	2,687,444	2,687,444	-	-
Certificates of Deposits	165,753,791	165,753,791	-	-
State of Delaware Investment Pool	313,111	313,111	-	-
Uninvested Principal Cash	6,699,007	6,699,007	-	-
Securitized Mortgage Loans	3,781,731	3,781,731	-	-
Total Governmental Activities Investments	294,567,405	294,567,405	-	-
Business-type Activities:				
US Treasury Notes	7,277,993	7,277,993	-	-
US Treasury Bills	420,903	420,903	-	-
US Treasury Bonds	94,379	94,379	-	-
US Agencies	5,370,546	5,370,546	-	-
Corporate Notes	8,259,534	8,259,534	-	-
Commercial Paper	82,540	82,540	-	-
Money Market Savings Accounts	1,553,932	1,553,932	-	-
Money Market Bank Accounts	148,710,950	148,710,950	-	-
Certificates of Deposits	57,634,901	57,634,901	-	-
Uninvested Principal Cash	21,497,896	21,497,896	-	-
Securitized Mortgage Loans	560,994,766	560,994,766	-	-
Total Business-type Activities Investments	811,898,340	811,898,340	-	-
Total Entity-wide Investments	\$ 1,106,465,745	\$ 1,106,465,745	\$ -	\$ -

Investment Type	Fair Value Measurements Using			
	Fair Value June 30, 2025	Quoted Process in	Significant	Significant
		Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Fiduciary Fund Investments:				
US Treasury Notes	\$ 5,311,058	\$ 5,311,058	\$ -	\$ -
US Agencies	4,783,705	4,783,705	-	-
Corporate Notes	6,369,292	6,369,292	-	-
Commercial Paper	314,432	314,432	-	-
Money Market Savings Accounts	53,817	53,817	-	-
Money Market Savings Account	16	16	-	-
Mortgage Loan Receivable	1,006,038	-	-	1,006,038
Total Fiduciary Fund Investments	\$ 17,838,358	\$ 16,832,320	\$ -	\$ 1,006,038

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, 2025.

B. Receivables

Total receivables as of June 30, 2025, are as follows:

Receivables	Governmental Activities	Business-type Activities	Total
Mortgage loans	\$ 276,532,921	\$ 99,635,707	\$ 376,168,628
Accrued interest	53,065,976	21,276,664	74,342,640
Other receivables	1,139,039	613,032	1,752,071
Grants receivable	-	773,084	773,084
Total receivables	330,737,936	122,298,487	453,036,423
Allowance for doubtful accounts	(27,149,327)	(8,429,513)	(35,578,840)
Total receivables, net	\$ 303,588,609	\$ 113,868,974	\$ 417,457,583
Amounts not scheduled for collection during the subsequent year	\$ 294,360,604	\$ 112,222,384	\$ 406,582,988

Mortgage loans receivable

A summary of mortgage loans receivable as of June 30, 2025, is shown below:

Governmental Activities:

General Fund	\$ 56,839,133
Housing Development Fund	182,865,172
Non-major governmental funds	<u>36,828,616</u>
Mortgage loans receivable, governmental activities	276,532,921
Less: Allowance for doubtful accounts	<u>(17,643,979)</u>
Net mortgage loan receivables, governmental activities	<u>258,888,942</u>

Business-type Activities:

Single Family Programs Fund	13,132,485
Federal Programs Fund	<u>86,503,222</u>
Mortgage loans receivable, business-type activities	99,635,707
Less: Allowance for doubtful accounts	<u>(1,638,436)</u>
Net mortgage loan receivables, business-type activities	<u>97,997,271</u>

Total mortgage loans receivable, net \$ 356,886,213

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.

Single family mortgage loans receivable in the General Fund are secured by first liens on real property. The original loans were purchased with a loan to value ratio in excess of 72% (80% for loans purchased after 1986) and 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. The General Fund single family loans, 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 General Fund 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.

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.

Accrued interest and other receivables

Accrued interest and other receivables as of June 30, 2025, are as follows:

	Governmental Activities			Business-type Activities		
	General Fund	Housing Development Fund	Nonmajor Governmental Funds	Federal Programs	Single Family Programs	Total
Loan interest	\$ 9,102,499	\$ 24,903,963	\$ 7,871,730	\$ 12,292,265	\$ 2,267,149	\$ 56,437,606
Investment interest	179,517	839,151	-	-	404,727	1,423,395
HDF projects	821,099	-	-	-	-	821,099
Other projects	94,706	-	-	-	-	94,706
Servicers	-	-	7,546	-	1,245	8,791
Tenants, net	-	-	-	14,356	-	14,356
Other	879,456	-	-	118,877	-	998,333
Total	\$ 11,077,277	\$ 25,743,114	\$ 7,879,276	\$ 12,425,498	\$ 2,673,121	\$ 59,798,286

C. Accounts payable

Accounts payables as of June 30, 2025, are as follows:

	Governmental Activities			Business-type Activities		
	General Fund	Housing Development Fund	Nonmajor Governmental Funds	Federal Programs	Single Family Programs	Total
Vendors	\$ 196,200	\$ 177,219	\$ 26,376	\$ 2,074,676	\$ 41	\$ 2,474,512
Salaries	226,356	-	-	145,584	-	371,940
Security deposits	-	-	-	119,973	-	119,973
Total	\$ 422,556	\$ 177,219	\$ 26,376	\$ 2,340,233	\$ 41	\$ 2,966,425

D. Capital assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance June 30, 2024	Increases	Decreases	Ending Balance June 30, 2025
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 572,769	\$ -	\$ -	\$ 572,769
Construction in Progress	240,371	-	240,371	-
Total capital assets, not being depreciated	<u>813,140</u>	<u>-</u>	<u>240,371</u>	<u>572,769</u>
Capital assets, being depreciated:				
Buildings	4,238,120	240,371	-	4,478,491
Land/Site Improvements	490,067	-	-	490,067
Computer Equipment	838,532	-	-	838,532
Equipment	451,405	-	-	451,405
Building Lease	210,284	-	-	210,284
Total capital assets being depreciated	<u>6,228,408</u>	<u>240,371</u>	<u>-</u>	<u>6,468,779</u>
Less accumulated depreciation for:				
Buildings	1,863,903	146,389	-	2,010,292
Land/Site Improvements	221,199	18,543	-	239,742
Computer Equipment	585,914	25,262	-	611,176
Equipment	451,405	-	-	451,405
Building Lease	91,123	42,056	-	133,179
Total accumulated depreciation	<u>3,213,544</u>	<u>232,250</u>	<u>-</u>	<u>3,445,794</u>
Total capital assets, being depreciated, net	<u>3,014,864</u>	<u>8,121</u>	<u>-</u>	<u>3,022,985</u>
Governmental activities capital assets, net	<u>\$ 3,828,004</u>	<u>\$ 8,121</u>	<u>\$ 240,371</u>	<u>\$ 3,595,754</u>

	Beginning Balance		Ending Balance	
	June 30, 2024	Increases	Decreases	June 30, 2025
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 937,559	\$ -	\$ -	\$ 937,559
Construction in Progress	119,396	608,882	413,897	314,381
Total capital assets, not being depreciated	1,056,955	608,882	413,897	1,251,940
Capital assets, being depreciated:				
Buildings	15,269,048	-	-	15,269,048
Land/Site Improvements	18,682,193	343,004	-	19,025,197
Vehicles	155,208	-	-	155,208
Building Lease	446,851	-	-	446,851
Equipment	1,464,509	206,034	-	1,670,543
Right to use Intangible Asset	639,037	-	-	639,037
Total capital assets being depreciated	36,656,846	549,038	-	37,205,884
Less accumulated depreciation for:				
Buildings	14,780,980	98,491	-	14,879,471
Land/Site Improvements	16,275,614	323,990	-	16,599,604
Vehicles	155,208	-	-	155,208
Building Lease	193,636	89,371	-	283,007
Equipment	1,307,219	120,516	-	1,427,735
Right to use Intangible Asset	612,410	26,627	-	639,037
Total accumulated depreciation	33,325,067	658,995	-	33,984,062
Total capital assets, being depreciated, net	3,331,779	(109,957)	-	3,221,822
Business-type activities capital assets, net	\$ 4,388,734	\$ 498,925	\$ 413,897	\$ 4,473,762

Depreciation and amortization expense of \$190,194 and \$42,056, respectively, were charged to the administrative function in the governmental activities. Depreciation and amortization expense of \$542,997 and \$115,998, 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 balances and transactions

The composition of interfund balances as of June 30, 2025, is as follows:

Due to:	Governmental Activities			Business-type Activities			Total
	Due from:						
	General Fund	Housing Development Fund	Nonmajor Governmental Funds	Federal Programs	Single Family Programs		
Current:							
General Fund	\$ -	\$ 50	\$ 1,444	\$ 1,330,783	\$ 5,342,026		\$ 6,674,303
Housing Development Fund	-	-	-	-	-		-
Downtown Development District	-	-	-	-	-		-
Nonmajor Govt Funds	-	-	-	-	-		-
Federal Programs	24,089	-	-	-	-		24,089
Total	\$ 24,089	\$ 50	\$ 1,444	\$ 1,330,783	\$ 5,342,026		\$ 6,698,392
Non-current:							
General Fund	\$ -	\$ -	\$ -	\$ 4,288,700	\$ 1,901,395		\$ 6,190,095
Housing Development Fund	-	-	-	-	-		-
Downtown Development District	-	-	-	-	-		-
Nonmajor Govt Funds	-	-	-	-	-		-
Federal Programs	-	-	-	-	-		-
Total	\$ -	\$ -	\$ -	\$ 4,288,700	\$ 1,901,395		\$ 6,190,095

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, 2025, consisted of the following:

Transfers in:	Governmental Activities			Business-type Activities			Total transfer in
	Transfers out:						
	General Fund	Housing Development Fund	Nonmajor Governmental Funds	Federal Programs	Single Family Programs		
General Fund	\$ -	\$ -	\$ 980,536	\$ 60	\$ 478,890		\$ 1,459,486
Housing Development Fund	-	-	-	-	-		-
Nonmajor Governmental Funds	-	575,000	2,489	-	-		577,489
Federal Programs	-	-	-	-	-		-
Single Family Programs	1,970,836	-	60	-	-		1,970,896
Total transfer out	\$ 1,970,836	\$ 575,000	\$ 983,085	\$ 60	\$ 478,890		\$ 4,007,871

The governmental activities transfers consist of: (1) the General Fund, a major governmental fund, transferred \$1,970,836 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 \$980,536 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 \$478,890.

F. Short-term and long-term debt

Short-term and long-term debt activity for the year ended June 30, 2025, was as follows:

	Ending Balance June 30, 2024	Increases	Decreases	Ending Balance June 30, 2025	Due Within One Year
Governmental activities:					
Leases, related to the General Fund	\$ 126,392	\$ -	\$ 42,395	\$ 83,997	\$ 45,913
Sustainable Energy Utility Loan Fund (non-major fund)	2,000,000	1,500,000	1,000,000	2,500,000	1,000,000
Compensated absences, relating to the General Fund	911,681	1,084	-	912,765	38,939
State of Delaware Pension	95,028	3,182	-	98,210	-
State of Delaware OPEB	482,608	10,383	-	492,991	-
DSHA OPEB	(2,288,079)	3,396,241	-	1,108,162	-
Governmental activity long-term liabilities	<u>\$ 1,327,630</u>	<u>\$ 4,910,890</u>	<u>\$ 1,042,395</u>	<u>\$ 5,196,125</u>	<u>\$ 1,084,852</u>
Business-type activities:					
Leases, related to the Federal Programs Fund	\$ 268,583	\$ -	\$ 90,088	\$ 178,495	\$ 97,565
Compensated absences, relating to the Federal Programs Fund	354,450	79,808	-	434,258	28,209
Subtotal	<u>623,033</u>	<u>79,808</u>	<u>90,088</u>	<u>612,753</u>	<u>125,774</u>
Revenue bonds payable, Single Family Programs Fund Bond Premium, Single Family Programs Fund	219,192,689	470,000,000	5,818,575	683,374,114	3,404,915
Revenue bonds payable	<u>7,367,350</u>	<u>15,594,181</u>	<u>409,004</u>	<u>22,552,527</u>	<u>801,313</u>
Revenue bonds payable	<u>226,560,039</u>	<u>485,594,181</u>	<u>6,227,579</u>	<u>705,926,641</u>	<u>4,206,228</u>
Business-type activity long-term liabilities	<u>\$ 227,183,072</u>	<u>\$ 485,673,989</u>	<u>\$ 6,317,667</u>	<u>\$ 706,539,394</u>	<u>\$ 4,332,002</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, 2056. During the year ended June 30, 2025, the Authority issued the following revenue bonds:

- 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. The bonds were sold at a premium of \$3,541,920.
- On November 21, 2024, the Authority issued \$75,000,000 Single Family Mortgage Revenue Bonds 2024 Series D 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 \$2,639,380.

- On February 13, 2025, the Authority issued \$115,000,000 Single Family Mortgage Revenue Bonds 2025 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 \$3,899,275.
- On June 17, 2025, the Authority issued \$180,000,000 Single Family Mortgage Revenue Bonds 2025 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 \$5,783,606.

Federal Home Loan Bank (FHLB) Line of Credit

DSHA has a collateralized line of credit with the FHLB of Pittsburgh. For fiscal year 2025, 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. As of June 30, 2025, the Authority has received funding advances of \$3,500,000 for this program in the form of a 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, 2025, \$2,500,000 of the note payable to SEU is outstanding and the Authority had received repayments from projects of \$590,913 that are due to be returned to SEU during the year ended June 30, 2026.

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, 2025, seventeen issues with debt of \$126,296,918 are outstanding.

Interest Expense on Long-Term Debt

Interest expense of \$19,467,243 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 \$19,467,243 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
2026	\$ 10,030,085	\$ 45,230,183	\$ 55,260,268
2027	9,945,000	33,207,795	43,152,795
2028	10,420,000	32,794,192	43,214,192
2029	10,920,000	32,352,571	43,272,571
2030	11,460,000	31,880,501	43,340,501
2031-2035	66,625,000	151,114,392	217,739,392
2036-2040	86,575,000	133,571,832	220,146,832
2041-2045	125,788,599	108,611,379	234,399,978
2046-2050	159,455,430	73,874,939	233,330,369
2051-2056	192,155,000	27,859,940	220,014,940
Totals	\$ 683,374,114	\$ 670,497,724	\$ 1,353,871,838

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, 2025, 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
2026	\$45,913	\$3,142	\$49,055
2027	38,084	898	38,982
Totals	\$83,997	\$4,040	\$88,037

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

Business Type Activities:

Fiscal Year	Principal	Interest	Total
2026	\$97,565	\$6,677	\$104,242
2027	80,930	1,908	82,838
Totals	\$178,495	\$8,585	\$187,080

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 software provided by Yardi to the Emergency Rental Assistance and Homeowner Assistance Fund was \$301,424 and \$75,000, respectively. During the year ended June 30, 2025, 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 2026.

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, 2024 Series C, 2024 Series D, 2025 Series A, and 2025 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, 2025

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2025B	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
Assets			
Current assets	\$ 148,956,387	\$ 35,598,852	\$ 184,555,239
Non-current assets	575,180,686	10,968,528	586,149,214
Total assets	724,137,073	46,567,380	770,704,453
Liabilities			
Current liabilities	15,831,881	41	15,831,922
Current interfund payables	5,336,211	5,815	5,342,026
Non-current liabilities	703,620,153	1,655	703,621,808
Total liabilities	724,788,245	7,511	724,795,756
Deferred inflow of resources			
Deferred amount on bond refunding	1,356,649	-	1,356,649
Total deferred inflow of resources	1,356,649	-	1,356,649
Net position, restricted	-	46,559,869	46,559,869
Net position, unrestricted	(2,007,821)	-	(2,007,821)
Total Net position	\$ (2,007,821)	\$ 46,559,869	\$ 44,552,048

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
SINGLE FAMILY PROGRAMS FUND SEGMENTS FOR THE YEAR ENDED JUNE 30, 2025

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2025B	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
Operating revenues*	\$ 18,411,878	\$ 814,051	\$ 19,225,929
Operating expenses:			
Administrative	1,038,714	12,075	1,050,789
Interest expense on bonds	19,467,243	-	19,467,243
Amortization of deferred expenses	4,144,362	-	4,144,362
Other	15,000	-	15,000
Operating income/(loss)	(6,253,441)	801,976	(5,451,465)
Non-operating revenue/(expenses):			
Investment income			
Investment income	3,838,964	2,713,257	6,552,221
Change in Fair Value of Investments	(3,598,476)	272,610	(3,325,866)
Transfers in/(out)	4,915,282	(3,423,276)	1,492,006
Change in net position	(1,097,671)	364,567	(733,104)
Beginning net position	(910,150)	46,195,302	45,285,152
Ending net position	\$ (2,007,821)	\$ 46,559,869	\$ 44,552,048

*Operating revenues consist primarily of interest income on loans.

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2025B	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
Net cash provided (used) by:			
Operating activities	\$ (462,200,650)	\$ 797,038	\$ (461,403,612)
Noncapital financing activities	476,142,762	(3,412,351)	472,730,411
Investing activities	(13,941,976)	1,571,660	(12,370,316)
Net increase/(decrease)	136	(1,043,653)	(1,043,517)
Beginning cash and cash equivalents	12,418	3,248,680	3,261,098
Ending cash and cash equivalents	\$ 12,554	\$ 2,205,027	\$ 2,217,581

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 \$251,667 and \$472,472. 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, 2025, HCHC, LCPLP, and MPHLP are under agreements with the Authority for the management of their operations. For the year ended June 30, 2025, HCHC paid management fees to the Authority totaling \$34,068 and labor charges totaling \$156,105. LCPLP paid management fees to the Authority totaling \$21,174 and labor charges totaling \$276,892. MPHLP paid management fees to the Authority totaling \$121,744 and labor charges totaling \$250,328.

As of June 30, 2025, HCHC, WVHC, LCPLP, and MPHLP were indebted to the Authority for Housing Development Fund loans (including accrued interest) in the amounts of \$2,415,817, \$1,917,165, \$1,579,950, and \$2,785,540, respectively. WVHC, LCPLP and MPHLP were also indebted to the Authority for HOME loans (including accrued interest) in the amounts of \$1,645,216, \$2,214,903, and \$958,606, respectively. WVHC, LCPLP and MPHLP were indebted to the General Fund for permanent loans and the related accrued interest in the amounts of \$19,240, \$4,703,768 and \$8,653,246, respectively.

For the year ended June 30, 2025, Section 8 Contract Administration housing assistance payments totaling \$602,523 from HUD passed through the Authority to HCHC and the Authority's Moving to Work Program passed RAD housing assistance payments totaling \$1,052,530 and \$1,085,254, respectively, through to LCPLP and MPHLP.

For the year ended June 30, 2025, the Authority made other contributions to LCPLP and MPH totaling \$29,900 and \$47,855, 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, 2025, the Authority's business-type activities received 82.5% percent of its revenue from the U.S. Department of Housing and Urban Development and 15.7% from the U.S. Department of the Treasury.

D. Post-retirement health care benefits

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

	Net Asset	Deferred Outflow	Net Liability	Deferred Inflow	OPEB & Pension Expense
State of Delaware OPEB	\$ -	\$ 83,698	\$ 492,991	\$ 651,753	\$ (275,128)
Authority OPEB	-	6,152,129	1,108,162	5,685,763	(878,261)
State of Delaware Pension	-	67,148	98,210	44,485	(3,881)
	<u>\$ -</u>	<u>\$ 6,302,975</u>	<u>\$ 1,699,363</u>	<u>\$ 6,382,001</u>	<u>\$ (1,157,270)</u>

Other postemployment benefit expense for the year ended June 30, 2025, was \$(1,153,389).

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 Schools, 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, 2024. For a more complete description, please refer to the State of Delaware's Annual Comprehensive Financial Report available online at <https://accounting.delaware.gov> or the OPEB Trust's stand-alone financial statements at: open.omb.delaware.gov/financialreports/OPEB-Financial_reports.shtml.

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

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

4. Vesting Provisions -

- Early Retirement: Age 55 with 15 years of service or any age with 25 years of service.
- Normal Retirement (hired before January 1, 2012): Age 62 with 5 years of service, or age 60 with 15 years of service, or any age with 30 years of service.

- Normal Retirement (hired on or after January 1, 2012): Age 65 with 10 years of service, or age 60 with 20 years of service, or any age with 30 years of service.
 - Spouse and Survivor Coverage: Both are available under any of the plan options with similar retiree contributions. Surviving spouses are eligible for coverage after the retiree's death.
5. Benefits Provided - During the fiscal year ended June 30, 2024, 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		Between January 1, 2007 and December 31, 2024		After January 1, 2025	
Years of Service	Percent of Premium Paid	Years of Service	Percent of Premium Paid	Years of Service	Percent of Premium Paid
Less than 10	0%	Less than 15	0%	Less than 15	0%
10 - 14	50%	15 - 17.5	50%	15 - 19	50%
15 - 19	75%	17.5 - 19	75%	20 - 24	75%
20 or more	100%	20 or more	100%	25 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 2025, the Authority's contribution was 17.24% of covered payroll and totaled \$25,681.

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, 2025, the Authority reported a liability of \$492,991 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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, 2024, measurement, the Authority's proportion was 0.0061%.

For the year ended June 30, 2025, the Authority recognized OPEB income of \$275,128. As of June 30, 2025, 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	\$ 11,507	\$ 26,278
Changes in assumptions	26,326	112,543
Changes in proportions	19,671	512,932
Differences between expected and actual net investment income	513	-
Contributions made after the Measurement Date	25,681	-
Total	<u>\$ 83,698</u>	<u>\$ 651,753</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 years ending June 30:

2026	\$(80,840)
2027	(100,517)
2028	(96,070)
2029	(96,226)
2030	(77,086)
Thereafter	<u>(142,997)</u>
	<u><u>\$(593,736)</u></u>

10. Actuarial Assumptions - The collective total OPEB liability as of June 30, 2024, measurement date was determined by an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total OPEB liability to June 30, 2024. 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 - 3.82% at the beginning of the period and 4.46% at the end of the period.

Projected Salary Increases - 3.25% plus merit including inflation.

Healthcare Cost Trend Rate - Blended rate of 8.8% for 2023 decreasing to an ultimate rate of 3.94% for 2042.

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, 2024 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Ten Year Average Asset Allocation
Domestic Equity	5.7%	33.6%
International Equity	5.7%	13.9%
Fixed Income	2.0%	25.3%
Alternative Investments	7.8%	21.7%
Cash and Equivalents	0.0%	5.5%

The discount rate and investment rate of return used to measure the total OPEB liability was 3.82 percent at the beginning of the current measurement period and 4.46 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 2040. 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 3.93%, 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, 2024 was 4.46%.

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 (3.46 percent) and 1-percentage-point higher (5.46 percent) than the current discount rate:

1% Decrease 3.46%	Current Discount Rate 4.46%	1% Increase 5.46%
\$ 585,815	\$ 492,991	\$ 418,494

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 (8.80 percent decreasing to 7.80 percent) and 1- percentage higher (8.80 increasing to 9.80 percent) than the current healthcare trend rates:

1% Decrease 7.80%	Current Discount Rate 8.80%	1% Increase 9.80%
\$ 418,636	\$ 492,991	\$ 581,552

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, 2024 plan measurement date and the June 30, 2025 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, 2024, there were 101 active plan members, 39 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 \$633,775 for the year ended June 30, 2025. The Authority's OPEB expense for this plan for the year ended June 30, 2025 was \$(878,261). 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, 2025 was 5.66%.

4. Funded Status and Funding Progress - As of June 30, 2024 measurement (June 30, 2025 employer reporting), the total OPEB liability was \$17,754,197. The plan's fiduciary net position was \$16,646,035, resulting in a net OPEB liability of \$1,108,162. The plan's fiduciary net position as a percentage of the total OPEB liability calculates to 94%.
5. The following schedule summarizes the change in the net pension liability for the measurement period ended June 30, 2024 (employer reporting as of June 30, 2025):

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability / (Asset)
June 30, 2023 measurement date and June 30, 2024 reporting date	\$ 12,885,415	\$ 15,173,494	\$ (2,288,079)
Changes for the year			
Service cost	578,710	-	578,710
Interest	487,225	-	487,225
Differences between expected and actual experience	267,516	-	-
Changes in assumptions	3,768,419	-	3,768,419
Benefit payments	(233,088)	(233,088)	-
Employer contributions	-	955,469	(955,469)
Net investment income	-	762,460	(762,460)
Administrative expense	-	(12,300)	12,300
June 30, 2024 measurement date and June 30, 2025 reporting date	<u>\$ 17,754,197</u>	<u>\$ 16,646,035</u>	<u>\$ 1,108,162</u>

As of June 30, 2025, 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	\$ 609,561	\$ 1,885,962
Changes in assumptions	4,390,593	3,799,801
Differences between expected and actual net investment income	518,200	-
Contributions made after measurement date	633,775	-
Total	<u>\$ 6,152,129</u>	<u>\$ 5,685,763</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:

2026	\$	(383,818)
2027		(83,685)
2028		(372,756)
2029		(343,609)
2030		410,496
Thereafter		<u>605,963</u>
	\$	<u>(167,409)</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, 2024
Measurement date	June 30, 2024
Actuarial cost method	Entry age normal
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	3.93%
Discount rate	3.65%
20-Year municipal bond rate	3.93%
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 8.60% in 2024 decreasing to 4.50% in 2034 Post-65 trend 9.85% in 2024 decreasing to 4.50% in 2034
Mortality rate	PUB 2010 "General" Classification projected generationally with Scale MP-2021
Asset method	Fair market value

The following assumptions were updated for the June 30, 2024 measurement:

	June 30, 2024 Measurement	June 30, 2023 Measurement
Discount Rate	3.65%	3.54%
20-Year municipal bond rate	3.93%	3.65%
Ultimate rate of medical inflation		
Pre-65 trend	8.60% in 2024 decreasing to 4.5% in 2034	7.00% in 2021 decreasing to 4.50% in 2034
Post-65 trend	9.85% in 2024 decreasing to 4.50% in 2034	7.75% in 2021 decreasing to 4.50% in 2034
Mortality Rate Scale	MP 2021	MP 2021

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, 2024	Percent of Portfolio	Long-Term Expected Real Rate of Return
Corporate Notes	\$ 6,087,014	36.8%	1.7%
U.S. Agencies	5,752,108	34.8%	1.7%
U.S. Treasury Notes	3,539,765	21.4%	1.6%
Money Market Savings	120,811	0.7%	0.0%
Loans Receivable	1,033,889	6.3%	5.0%

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability as of the June 30, 2024 measurement (June 30, 2025 reporting):

	1% Decrease 2.93%	Trend Rate 3.93%	1% Increase 4.93%
Total OPEB Liability	\$ 21,271,097	\$ 17,754,197	\$ 15,007,908
Plan Fiduciary Net Position	16,646,035	16,646,035	16,646,035
Net OPEB (Asset)/Liability	\$ 4,625,062	\$ 1,108,162	\$ (1,638,127)

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability as of the June 30, 2024 measurement (June 30, 2025 reporting):

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ 14,885,904	\$ 17,754,197	\$ 21,463,296
Plan Fiduciary Net Position	16,646,035	16,646,035	16,646,035
Net OPEB (Asset)/Liability	\$ (1,760,131)	\$ 1,108,162	\$ 4,817,261

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, 2025, the Authority was required to contribute 13.33% of covered payroll to the plan. The Authority's contribution to the State PERS for the year ended June 30, 2025 was \$19,378, equal to the required contribution for the year.
3. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At June 30, 2025, the Authority reported a net pension liability of \$98,210 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. As of the June 30, 2024 measurement date, the Authority's proportion was 0.0063 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, 2025, 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	\$ 22,657	\$ -
Net difference to change in proportion	1,415	44,485
Net difference between projected and actual earnings on plan investments	19,047	-
Changes of assumptions	4,652	-
Contributions made after the measurement date	19,377	-
Total	\$ 67,148	\$ 44,485

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, 2025.

4. Actuarial Assumptions - The collective total pension liability for the June 30, 2024 measurement date was determined by actuarial valuation as of June 30, 2023 and rolled forward to June 30, 2024. 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%	33.6%
International equity	5.7%	13.9%
Fixed income	2.0%	25.3%
Alternative investments	7.8%	21.7%
Cash and equivalents	0.0%	5.5%

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability (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
\$ 178,406	\$ 98,210	\$ 24,530

5. Deferred Outflows of Resources and Deferred Inflows of Resources - The components of collective deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on the DPERS investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life as of all plan members, beginning the year in which the deferred amount occurs. The amortization period is six years for the State Employees' Plan for differences between expected and actual experience. 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:

2026	\$	(4,594)
2027		30,983
2028		(4,401)
2029		(7,134)
2030		(4,387)
Thereafter		<u>(7,182)</u>
		<u>3,285</u>

6. Pension Expense - For the year ended June 30, 2025, the Authority recognized pension income of \$3,881.

7. The components of the pension expense for the year ending June 30, 2025, are as follows:

Service Costs	\$ 16,775
Interest on Total Pension Liability	56,289
Member Contributions	(6,425)
Administrative Expenses	497
Changes in benefit terms	4,276
Projected Earnings on Plan Investments	(47,891)
Differences between projected and actual earnings on plan investments	(8,836)
Differences between projected and actual experiences with regard to or other inputs in the measurement of total pension liability	7,055
Change in Assumption with regard to factors or other inputs in the measurement of total pension liability	2,326
Net Amortization of deferred amounts from Changes in Proportion	<u>(27,947)</u>
Pension Income	<u>\$ (3,881)</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.

- i. **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.
- ii. **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 \$769,520 equal to the required contribution for the year. The Authority's contributions to the plan for the years ended June 30, 2024 and June 30, 2023, were \$772,516 and \$716,504, 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, 2025.

G. Subsequent events

On September 10, 2025 the Authority issued \$105,000,000 Single Family Mortgage Revenue Bonds 2025 Series C and \$45,000,000 Mortgage Revenue Bonds Series D 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.



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, 2025

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
6/30/2024	0.006%	\$ 98,210	\$ 145,371	67.6%	88.3%
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%

DELAWARE STATE HOUSING AUTHORITY
STATE OF DELAWARE EMPLOYEES' PENSION PLAN
NOTES TO SCHEDULE OF NET PENSION LIABILITY
AS OF JUNE 30, 2025

Employer Reporting Date	June 30, 2025	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, 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	June 30, 2014	
Measurement 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	June 30, 2015	
Investment Rate of return/discount rate*	7.0%	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	2.5% + Merit	3.5% to 11.5%	
Cost-of-living adjustments	0%	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, 2025

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
6/30/2025	\$ 19,378	\$ 19,378	\$ -	145,371	13.33%
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%

NOTE TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

The Authority makes required contributions 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, 2025

Measurement 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
Reporting Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Beginning OPEB Liability Balance	\$ 12,885,415	\$ 13,517,120	\$ 15,985,632	\$ 18,614,876	\$ 14,195,231	\$ 15,280,574	\$ 16,445,290	\$ 17,911,837
Service Cost	578,710	516,018	659,808	1,017,904	673,326	677,546	776,605	937,606
Interest Cost	487,225	492,851	357,623	432,031	519,593	615,235	614,727	535,772
Difference Between Expected and Actual Experience	267,516	(807,672)	671,450	(2,013,082)	(118,539)	(1,413,621)	(1,186,338)	(39,636)
Change in assumptions	3,768,419	(609,354)	(3,978,707)	(1,897,429)	3,477,124	(842,173)	(1,267,300)	(2,798,750)
Benefit payments	(233,088)	(223,548)	(178,686)	(168,668)	(131,859)	(122,330)	(102,410)	(101,539)
Ending OPEB Liability Balance	\$ 17,754,197	\$ 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	\$ 15,173,494	\$ 14,417,353	\$ 9,795,695	\$ 9,123,931	\$ 8,088,704	\$ 7,096,300	\$ 6,446,869	\$ 5,767,009
Benefit payments	(233,088)	(223,548)	(178,686)	(168,668)	(131,859)	(122,330)	(102,410)	(101,539)
Employer contributions	955,469	911,537	5,500,260	778,725	784,124	748,852	713,293	732,138
Net Investment Income	762,460	79,452	(686,006)	71,607	392,662	375,182	50,598	58,061
Administrative expense	(12,300)	(11,300)	(13,910)	(9,900)	(9,700)	(9,300)	(12,050)	(8,800)
Ending Plan Fiduciary Net Position	16,646,035	15,173,494	14,417,353	9,795,695	9,123,931	8,088,704	7,096,300	6,446,869
Net OPEB Liability	\$ 1,108,162	\$ (2,288,079)	\$ (900,233)	\$ 6,189,937	\$ 9,490,945	\$ 6,106,527	\$ 8,184,274	\$ 9,998,421
Covered-Employee Payroll	\$ 5,879,051	\$ 5,541,961	\$ 4,783,109	\$ 3,957,131	\$ 5,009,664	\$ 4,759,353	\$ 4,612,790	\$ 4,350,000
Net OPEB Liability as a Percentage of Payroll	18.85%	-41.29%	-18.82%	156.42%	189.45%	128.31%	177.43%	229.85%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	93.76%	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, 2025

Valuation date Measurement date	July 1, 2024 June 30, 2024	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	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Actuarial Assumptions:								
Investment Rate of Return	3.93%	3.65%	3.54%	2.16%	2.21%	3.51%	3.87%	3.00%
Discount Rate	3.93%	3.65%	3.54%	2.16%	2.21%	3.51%	3.87%	2.85%
20 Year Municipal Bond Rate	3.93%	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%	2.00%
Ultimate Rate of Medical Inflation								
Pre-65 Trend	8.60% in 2024 decreasing to 4.50% in 2034	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	9.85% in 2024 decreasing to 4.50% in 2034	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-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	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, 2025

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
6/30/2025	\$ 664,995	\$ 634,193	\$ (30,802)	\$ 5,879,051	10.79%	3.93%
6/30/2024	599,833	955,469	355,636	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: 3.93%, net of OPEB plan investment expense, including inflation

Retirement Age: Varies by age

Mortality: PUB-2010, "General" Classification, projected generationally with Scale MP-2021

* 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, 2025

Fiscal Year End Date	Annual Money-Weighted Rate of Return on Investments
6/30/2025	5.66%
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, 2025

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, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Schedule of Net OPEB Liability									
Measurement 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, 2017
Percentage Proportion	0.6100%	0.0059%	0.0105%	0.0124%	0.0129%	0.0167%	0.0221%	0.0276%	0.0276%
Net OPEB Liability Share	\$ 492,991	\$ 482,608	\$ 898,292	\$ 1,247,256	\$ 1,347,483	\$ 1,331,941	\$ 1,812,358	\$ 2,282,581	\$ 2,282,581
Employer Covered Payroll	153,672	135,327	231,749	256,895	279,587	357,909	459,368	493,985	493,985
OPEB Liability as a Percentage of Covered Payroll	320.81%	356.62%	387.61%	485.51%	481.95%	372.15%	394.53%	349.06%	349.06%
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	10.59%	7.71%	6.43%	6.06%	4.27%	4.89%	4.44%	4.13%	4.13%
Schedule of Contributions									
Required Contribution	\$ 25,681	\$ 26,497	\$ 21,970	\$ 28,957	\$ 33,025	\$ 35,762	\$ 42,004	\$ 49,585	\$ 49,585
Actual Contribution	25,681	26,497	21,970	28,957	33,025	35,762	42,004	49,585	49,585
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer Covered Payroll	\$ 145,371	\$ 153,672	\$ 135,327	\$ 231,749	\$ 256,895	\$ 279,587	\$ 357,909	\$ 459,368	\$ 459,368
Actual contribution as a percentage of covered payroll	17.67%	17.24%	16.23%	12.49%	12.86%	12.79%	11.74%	10.79%	10.79%
Notes to Required Supplementary Information									
Actuarial Valuation Date	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	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	entry age normal	entry age normal
Discount Rate	4.46%	3.82%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%	3.58%
Healthcare Trend Rate	8.80%	7.00%	5.17%	5.50%	5.60%	6.60%	6.80%	7.00%	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	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	RP-2014 Total Dataset Health Annuitant Mortality Table
Investment Allocation									
Domestic Equity	N/A	N/A	N/A	N/A	N/A	N/A	20% - 80%	36.70%	36.70%
International Equity	N/A	N/A	N/A	N/A	N/A	N/A	20% - 80%	19.20%	19.20%
Equity	20% - 80%	20% - 80%	20% - 80%	20% - 80%	20% - 80%	20% - 80%	N/A	N/A	N/A
Fixed Income	20% - 80%	20% - 80%	20% - 80%	20% - 80%	20% - 80%	20% - 80%	20% - 80%	38.10%	38.10%
Cash and Equivalents *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%
Alternative Investments									
Illiquid Investments	0% - 30%	0% - 30%	0% - 30%	0% - 30%	0% - 30%	0% - 30%	N/A	N/A	N/A
Other Diversification Investments	0% - 20%	0% - 20%	0% - 20%	0% - 20%	0% - 20%	0% - 20%	N/A	N/A	N/A
Investment Rate of Return									
Domestic Equity	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	3.75%	3.75%
International Equity	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	3.75%	3.75%
Fixed Income	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.75%	3.75%
Cash and Equivalents	0.00%	0.00%	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%	7.80%	N/A	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, 2025

EXPENSES	\$	153,223,242
PROGRAM REVENUE		
Charges for services		28,272,251
Operating grants and contributions		132,911,431
Capital grants and contributions		765,874
		<hr/>
NET OPERATING REVENUE		8,726,314
		<hr/>
GENERAL REVENUE		
Investment gains and miscellaneous earnings		18,380,607
TOTAL GENERAL REVENUE		18,380,607
		<hr/>
CHANGE IN NET POSITION		27,106,921
NET POSITION, BEGINNING		705,352,858
NET POSITION, ENDING	\$	<u><u>732,459,779</u></u>



DELAWARE STATE HOUSING AUTHORITY
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	DELAWARE EMERGENCY MORTGAGE ASSISTANCE PROGRAM	DELAWARE HOUSING INSURANCE FUND	DELAWARE MORTGAGE MEDIATION PROGRAM LOANS	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	\$ 124,915	\$ 970	\$ -	\$ 2,925,886	\$ 243,272	\$ -	\$ 67,034
Investments	21,780,493	-	19,108	-	-	-	20,899,355
Loans receivable:							
Mortgages receivable, net	4,462,569	-	-	12,312,047	-	260,526	-
Accrued interest & other receivables	496,195	-	-	7,292,692	-	90,389	-
TOTAL ASSETS	\$ 26,864,172	\$ 970	\$ 19,108	\$ 22,530,625	\$ 243,272	\$ 350,915	\$ 20,966,389
LIABILITIES & FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payables	-	50	-	1,229	-	-	-
Escrow deposits	7,066	-	-	-	-	-	-
TOTAL LIABILITIES	7,066	50	-	1,229	-	-	-
FUND BALANCES							
Restricted	26,857,106	920	19,108	22,529,396	243,272	350,915	20,966,389
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	26,857,106	920	19,108	22,529,396	243,272	350,915	20,966,389
TOTAL LIABILITIES & FUND BALANCES	\$ 26,864,172	\$ 970	\$ 19,108	\$ 22,530,625	\$ 243,272	\$ 350,915	\$ 20,966,389

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	STUDENT EMERGENCY ASSISTANCE	DSHA LAND BANK PROGRAM	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 1,520,654	\$ 500,000	\$ 11,859	\$ 19,643	\$ 2,262,463	\$ 248,750	\$ 50,000	\$ 16,388	\$ 7,991,834
-	-	-	-	-	-	-	5,105,123	47,804,079
-	-	-	-	263,913	7,912,184	-	-	25,211,239
-	-	-	-	-	-	-	-	7,879,276
<u>\$ 1,520,654</u>	<u>\$ 500,000</u>	<u>\$ 11,859</u>	<u>\$ 19,643</u>	<u>\$ 2,526,376</u>	<u>\$ 8,160,934</u>	<u>\$ 50,000</u>	<u>\$ 5,121,511</u>	<u>\$ 88,886,428</u>
\$ -	\$ -	\$ -	\$ -	\$ 26,376	\$ -	\$ -	\$ -	\$ 26,376
-	-	-	-	-	115	-	50	1,444
-	-	-	-	-	-	-	-	7,066
-	-	-	-	26,376	115	-	50	34,886
1,520,654	500,000	11,859	-	2,500,000	8,160,819	50,000	5,121,461	88,831,899
-	-	-	19,643	-	-	-	-	19,643
-	-	-	-	-	-	-	-	-
<u>1,520,654</u>	<u>500,000</u>	<u>11,859</u>	<u>19,643</u>	<u>2,500,000</u>	<u>8,160,819</u>	<u>50,000</u>	<u>5,121,461</u>	<u>88,851,542</u>
<u>\$ 1,520,654</u>	<u>\$ 500,000</u>	<u>\$ 11,859</u>	<u>\$ 19,643</u>	<u>\$ 2,526,376</u>	<u>\$ 8,160,934</u>	<u>\$ 50,000</u>	<u>\$ 5,121,511</u>	<u>\$ 88,886,428</u>

DELAWARE STATE HOUSING AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	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	\$ 612,569	\$ -	\$ 727	\$ 625,278	\$ -	\$ -	\$ 578,644
Loans	43,267	-	-	75,664	-	7,802	-
Total interest income	655,836	-	727	700,942	-	7,802	578,644
Payments from primary government	-	-	-	-	-	-	4,000,000
Fees	-	-	48,900	-	-	-	-
Other revenue	1,619,079	-	-	80,824	-	5,297	-
TOTAL REVENUES	2,274,915	-	49,627	781,766	-	13,099	4,578,644
EXPENDITURES							
Current:							
Affordable rental housing	-	-	-	-	-	-	-
Community rehabilitation	-	-	-	-	-	-	946,379
Home ownership	95,160	-	43,500	24,860	-	-	-
Housing rehabilitation	-	-	-	-	-	39,984	-
Debt Service							
Principal	-	-	-	-	-	-	-
TOTAL EXPEDITURES	95,160	-	43,500	24,860	-	39,984	946,379
EXCESS/(DEFICIT) REVENUE OVER EXPENDITURES	2,179,755	-	6,127	756,906	-	(26,885)	3,632,265
OTHER FINANCING SOURCES (USES)							
Debt Proceeds	-	-	-	-	-	-	-
Transfers in	-	2,489	-	30,312	-	-	-
Transfers out	-	-	-	(983,085)	-	(30,312)	-
TOTAL OTHER FINANCING SOURCES	-	2,489	-	(952,773)	-	(30,312)	-
NET CHANGE IN FUND BALANCES	2,179,755	2,489	6,127	(195,867)	-	(57,197)	3,632,265
FUND BALANCES, BEGINNING	24,677,351	(1,569)	12,981	22,725,263	243,272	408,112	17,334,124
FUND BALANCES, ENDING	\$ 26,857,106	\$ 920	\$ 19,108	\$ 22,529,396	\$ 243,272	\$ 350,915	\$ 20,966,389

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	STUDENT EMERGENCY ASSISTANCE	DSHA LAND BANK PROGRAM	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	101,399	\$ 1,918,617
-	-	-	-	-	-	-	2,866	129,599
-	-	-	-	-	-	-	104,265	2,048,216
-	-	-	-	-	-	50,000	-	4,050,000
-	-	-	-	-	-	-	-	48,900
875,000	3,500	-	-	-	-	-	-	2,583,700
875,000	3,500	-	-	-	-	50,000	104,265	8,730,816
1,328,862	-	-	-	-	-	-	-	1,328,862
-	-	-	-	-	-	-	-	946,379
-	-	-	-	-	1,457,581	-	-	1,621,101
-	-	-	-	-	-	-	-	39,984
-	-	-	-	1,000,000	-	-	-	1,000,000
1,328,862	-	-	-	1,000,000	1,457,581	-	-	4,936,326
(453,862)	3,500	-	-	(1,000,000)	(1,457,581)	50,000	104,265	3,794,490
-	-	-	-	1,500,000	-	-	-	1,500,000
575,000	-	-	-	-	-	-	-	577,489 ^
-	-	-	-	-	-	-	-	(983,085) ^
575,000	-	-	-	1,500,000	-	-	-	1,094,404
121,138	3,500	-	-	500,000	(1,457,581)	50,000	104,265	4,888,894
1,399,516	496,500	11,859	19,643	2,000,000	9,618,400	-	5,017,196	83,962,648
\$ 1,520,654	\$ 500,000	\$ 11,859	\$ 19,643	\$ 2,500,000	\$ 8,160,819	\$ 50,000	\$ 5,121,461	\$ 88,851,542

^Net of \$30,312 of transfers between non-major funds

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF NET POSITION - PROPRIETARY FUND - SUBFUNDS OF THE FEDERAL PROGRAMS ENTERPRISE FUND
JUNE 30, 2025

	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	EMERGENCY HOUSING VOUCHER PROGRAM
ASSETS								
Current Assets:								
Cash and cash equivalents	\$ 34,568	\$ 32,972	\$ 6,636	\$ 257,863	\$ 33,892	\$ 3,126,889	\$ 167,988	\$ 115,717
Investments	185,304	-	8,732,170	-	10,396,205	1,159,082	1,120	-
Accrued interest and other receivables	-	-	12,860	258,365	-	109,831	-	8,224
Grants receivable-U.S. Dept of HUD	3,879	-	6,899	1,280	-	8,330	-	-
Interfund receivables	-	-	-	-	19,835	-	-	385
Prepaid expenses	-	45,658	-	-	-	681,927	-	31,787
Total current assets	223,751	78,630	8,758,565	517,508	10,449,932	5,086,059	169,108	156,113
Non-Current Assets:								
Cash, restricted for payment of escrows	-	112,689	-	-	-	1,826,479	-	-
Investments	-	-	6,858,650	535,691	-	-	-	-
Mortgages receivable, net	-	-	62,724,872	12,363,458	-	-	-	-
Accrued interest and other receivables, net	-	-	11,957,964	-	-	-	-	-
Interfund receivables	3,869	-	-	-	-	-	-	-
Capital assets not being depreciated	-	-	-	-	-	1,251,940	-	-
Capital assets net of accumulated depreciation	-	-	-	-	-	3,221,822	-	-
Total non-current assets	3,869	112,689	81,541,486	12,899,149	-	6,300,241	-	-
TOTAL ASSETS	227,620	191,319	90,300,051	13,416,657	10,449,932	11,386,300	169,108	156,113
LIABILITIES								
Current Liabilities:								
Accounts payable	15,808	10,353	8,918	5,827	795,875	801,632	589,188	12,267
Deferred Revenue	-	-	-	-	9,656,727	-	-	66,500
Interfund payables	34,882	-	370,090	84,735	50	460,033	28,457	-
Lease payable	-	-	-	-	-	97,565	-	-
Compensated absences payable	-	-	-	-	-	19,833	-	3,116
Total current liabilities	50,690	10,353	379,008	90,562	10,452,652	1,379,063	617,645	81,883
Non-Current Liabilities:								
Interfund payables	-	30,000	13,550	5,000	-	-	-	50,000
Lease payable	-	-	-	-	-	80,930	-	-
Compensated absences payable	55,324	-	15,066	1,141	5,581	235,432	3,069	1,534
Escrow deposits	185,000	112,689	6,858,650	535,691	-	1,826,479	-	-
Total non-current liabilities	240,324	142,689	6,887,266	541,832	5,581	2,142,841	3,069	51,534
TOTAL LIABILITIES	291,014	153,042	7,266,274	632,394	10,458,233	3,521,904	620,714	133,417
NET POSITION								
Invested in capital assets	-	-	-	-	-	4,295,267	-	-
Restricted by federal regulations	-	38,277	83,033,777	12,784,263	-	3,569,129	-	22,696
Unrestricted	(63,394)	-	-	-	(8,301)	-	(451,606)	-
TOTAL NET POSITION	\$ (63,394)	\$ 38,277	\$ 83,033,777	\$ 12,784,263	\$ (8,301)	\$ 7,864,396	\$ (451,606)	\$ 22,696

SECTION 8 CONTRACT ADMINISTRATION PROGRAM	2017 MAINSTREAM VOUCHER PROGRAM	SECTION 811 PROJECT RENTAL ASSISTANCE DEMONSTRATION PROGRAM	AMERICAN RESCUE PLAN ACT	TOTAL FEDERAL PROGRAMS
\$ 4,076,474	\$ 118,147	\$ 13,971	\$ 646,437	\$ 8,631,554
-	-	-	30,135,139	50,609,020
-	-	-	78,254	467,534
746,459	-	6,237	-	773,084
-	-	-	-	20,220
846,441	48,076	69,892	-	1,723,781
5,669,374	166,223	90,100	30,859,830	62,225,193
-	-	-	-	1,939,168
-	-	-	-	7,394,341
-	-	-	10,990,170	86,078,500
-	-	-	-	11,957,964
-	-	-	-	3,869
-	-	-	-	1,251,940
-	-	-	-	3,221,822
-	-	-	10,990,170	111,847,604
5,669,374	166,223	90,100	41,850,000	174,072,797
55,637	14,364	-	30,364	2,340,233
-	-	-	30,017,013	39,740,240
349,868	-	-	2,668	1,330,783
-	-	-	-	97,565
2,144	3,116	-	-	28,209
407,649	17,480	-	30,050,045	43,537,030
4,000,000	100,050	90,100	-	4,288,700
-	-	-	-	80,930
83,515	5,387	-	-	406,049
-	-	-	-	9,518,509
4,083,515	105,437	90,100	-	14,294,188
4,491,164	122,917	90,100	30,050,045	57,831,218
-	-	-	-	4,295,267
1,178,210	43,306	-	11,799,955	112,469,613
-	-	-	-	(523,301)
\$ 1,178,210	\$ 43,306	\$ -	\$ 11,799,955	116,241,579

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, 2025

	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	EMERGENCY HOUSING VOUCHER PROGRAM
OPERATING REVENUES								
Interest income on loans	\$ -	\$ -	\$ 136,221	\$ 133,323	\$ -	\$ -	\$ -	\$ -
Federal housing program grants	3,658,458	433,099	3,317,319	722,117	13,883,127	13,417,792	2,615,972	508,757
Rental income	-	-	-	-	-	583,580	-	-
Miscellaneous	45,606	-	41,277	-	-	719,655	-	-
TOTAL OPERATING REVENUES	3,704,064	433,099	3,494,817	855,440	13,883,127	14,721,027	2,615,972	508,757
OPERATING EXPENSES								
Administrative	358,349	-	664,906	286,078	1,793,912	4,489,442	514,065	33,150
Grants and housing assistance payments	3,412,201	543,557	2,087,516	-	12,089,214	8,972,993	2,537,635	470,685
Public housing maintenance & utilities	-	-	-	-	-	2,610,093	-	-
Depreciation & Amortization	-	-	-	-	17,268	632,369	9,358	-
TOTAL OPERATING EXPENSES	3,770,550	543,557	2,752,422	286,078	13,900,394	16,704,897	3,061,058	503,835
OPERATING INCOME/(LOSS)	(66,486)	(110,458)	742,395	569,362	(17,267)	(1,983,870)	(445,086)	4,922
NON-OPERATING INCOME/(EXPENSES)								
Investment income	185	-	175,170	-	638,788	44,136	500	-
Interest Expense	-	-	-	-	-	(11,117)	-	-
TOTAL NON-OPERATING INCOME/(EXPENSES)	185	-	175,170	-	638,788	33,019	500	-
INCOME/(LOSS) BEFORE CAPITAL GRANTS AND OPERATING TRANSFERS								
	(66,301)	(110,458)	917,565	569,362	621,521	(1,950,851)	(444,586)	4,922
Capital grants and contributions	-	-	-	-	-	765,874	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(45)	-	(15)	-	-	-	-	-
CHANGE IN NET POSITION	(66,346)	(110,458)	917,550	569,362	621,521	(1,184,977)	(444,586)	4,922
NET POSITION, BEGINNING	2,952	148,735	82,116,227	12,214,901	(629,822)	9,049,373	(7,020)	17,774
NET POSITION, ENDING	\$ (63,394)	\$ 38,277	\$ 83,033,777	\$ 12,784,263	\$ (8,301)	\$ 7,864,396	\$ (451,606)	\$ 22,696

SECTION 8 CONTRACT ADMINISTRATION	2017 MAINSTREAM VOUCHER PROGRAM	SECTION 811 PROJECT RENTAL ASSISTANCE DEMONSTRATION PROGRAM	AMERICAN RESCUE PLAN ACT	TOTAL FEDERAL PROGRAMS
\$ -	\$ -	\$ -	63,833	\$ 333,377
53,255,444	700,924	912,522	9,736,775	103,162,306
-	-	-	-	583,580
-	-	-	109,943	916,481
<u>53,255,444</u>	<u>700,924</u>	<u>912,522</u>	<u>9,910,551</u>	<u>104,995,744</u>
1,846,464	29,272	-	33,879	10,049,517
51,427,987	664,665	912,522	754,868	83,873,843
-	-	-	-	2,610,093
-	-	-	-	658,995
<u>53,274,451</u>	<u>693,937</u>	<u>912,522</u>	<u>788,747</u>	<u>97,192,448</u>
(19,007)	6,987	-	9,121,804	7,803,296
-	-	-	669,789	1,528,568
-	-	-	-	(11,117)
-	-	-	669,789	1,517,451
(19,007)	6,987	-	9,791,593	9,320,747
-	-	-	-	765,874
-	-	-	-	-
-	-	-	-	(60)
(19,007)	6,987	-	9,791,593	10,086,561
1,197,217	36,319	-	2,008,362	106,155,018
<u>\$ 1,178,210</u>	<u>\$ 43,306</u>	<u>\$ -</u>	<u>\$ 11,799,955</u>	<u>\$ 116,241,579</u>

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF NET POSITION - PROPRIETARY FUND - SUBFUNDS OF THE SINGLE FAMILY PROGRAMS
ENTERPRISE FUND
JUNE 30, 2025

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2025B	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 12,554	\$ 2,205,027	\$ 2,217,581
Investments	148,721,108	33,210,578	181,931,686
Mortgage loan receivable, net	-	-	-
Accrued interest and other receivables	222,725	183,247	405,972
Interfund receivables	-	-	-
Total current assets	<u>148,956,387</u>	<u>35,598,852</u>	<u>184,555,239</u>
Non-Current Assets:			
Investments	-	10,968,528	10,968,528
Securitized mortgage loans, net	560,994,766	-	560,994,766
Mortgage loan receivable, net	11,918,771	-	11,918,771
Accrued interest and other receivables	2,267,149	-	2,267,149
Total non-current assets	<u>575,180,686</u>	<u>10,968,528</u>	<u>586,149,214</u>
TOTAL ASSETS	<u>724,137,073</u>	<u>46,567,380</u>	<u>770,704,453</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	-	41	41
Interfund payables	5,336,211	5,815	5,342,026
Accrued interest payable	11,625,653	-	11,625,653
Revenue bonds payable	4,206,228	-	4,206,228
Total current liabilities	<u>21,168,092</u>	<u>5,856</u>	<u>21,173,948</u>
Non-Current Liabilities:			
Interfund payables	1,899,740	1,655	1,901,395
Revenue bonds payable	701,720,413	-	701,720,413
Total non-current liabilities	<u>703,620,153</u>	<u>1,655</u>	<u>703,621,808</u>
TOTAL LIABILITES	<u>724,788,245</u>	<u>7,511</u>	<u>724,795,756</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amount on bond refunding	1,356,649	-	1,356,649
TOTAL DEFERRED INFLOW OF RESOURCES	<u>1,356,649</u>	<u>-</u>	<u>1,356,649</u>
NET POSITION			
Restricted by bond covenants	-	46,559,869	46,559,869
Unrestricted	(2,007,821)	-	(2,007,821)
TOTAL NET POSITION	<u>\$ (2,007,821)</u>	<u>\$ 46,559,869</u>	<u>\$ 44,552,048</u>

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, 2025

	SINGLE FAMILY MORTGAGE REVENUE BOND SERIES 2007D-2025B	DSHA MORTGAGE BACKED SECURITIES PURCHASE PROGRAM	TOTAL SINGLE FAMILY PROGRAMS
OPERATING REVENUES			
Interest income on loans	\$ 17,896,404	\$ -	\$ 17,896,404
Amortization of bond premium	409,004	-	409,004
Amortization of deferred revenues	106,413	-	106,413
Miscellaneous	57	814,051	814,108
TOTAL OPERATING REVENUES	18,411,878	814,051	19,225,929
OPERATING EXPENSES			
Interest expense on bonds	19,467,243	-	19,467,243
Administrative	1,038,714	12,075	1,050,789
Bond issuance expense	4,144,362	-	4,144,362
Other expenses	15,000	-	15,000
TOTAL OPERATING EXPENSES	24,665,319	12,075	24,677,394
OPERATING INCOME/(LOSS)	(6,253,441)	801,976	(5,451,465)
NON-OPERATING INCOME/(EXPENSES)			
Investment income	3,838,964	2,713,257	6,552,221
Change in fair value of investments	(3,598,476)	272,610	(3,325,866)
TOTAL NON-OPERATING INCOME/(EXPENSES)	240,488	2,985,867	3,226,355
INCOME/(LOSS) BEFORE OPERATING TRANSFERS	(6,012,953)	3,787,843	(2,225,110)
Transfers in	4,915,282	-	1,970,896 [^]
Transfers out	-	(3,423,276)	(478,890) [^]
CHANGE IN NET POSITION	(1,097,671)	364,567	(733,104)
NET POSITION, BEGINNING	(910,150)	46,195,302	45,285,152
NET POSITION, ENDING	\$ (2,007,821)	\$ 46,559,869	\$ 44,552,048

[^]Net of \$2,944,386 of transfers between Single Family Programs.

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED JUNE 30, 2025

The details of and changes in the Authority's mortgage revenue bonds during the Year Ended June 30, 2025 are as follows:

Bond Issue	Interest Rate	Final Maturity Date	Bonds Outstanding June 30, 2024	Issued	Matured	Called	Bonds Outstanding June 30, 2025
Single Family Mortgage Revenue Bonds 2013 Series A	2.60%	2043	\$ 12,332,581	\$ -	\$ -	\$ (1,207,015)	\$ 11,125,566
Single Family Mortgage Revenue Bonds 2018 Series A	3.48%	2048	6,860,108	-	-	(541,560)	6,318,548
Single Family Mortgage Revenue Bonds 2024 Series A	3.20%-5.75%	2055	75,000,000	-	-	(1,145,000)	73,855,000
Single Family Mortgage Revenue Bonds 2024 Series B	3.40%-6.00%	2055	125,000,000	-	-	(2,265,000)	122,735,000
Single Family Mortgage Revenue Bonds 2024 Series C	3.20%-6.00%	2055	-	100,000,000	-	(595,000)	99,405,000
Single Family Mortgage Revenue Bonds 2024 Series D	3.10%-5.50%	2055	-	75,000,000	-	(65,000)	74,935,000
Single Family Mortgage Revenue Bonds 2025 Series A	3.15%-5.75%	2056	-	115,000,000	-	-	115,000,000
Single Family Mortgage Revenue Bonds 2025 Series B	3.50%-6.00%	2056	-	180,000,000	-	-	180,000,000
TOTAL			\$ 219,192,689	\$ 470,000,000	\$ -	\$ (5,818,575)	\$ 683,374,114

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, 2025
 ANNUAL CONTRIBUTIONS CONTRACT P-4520

	DE26-P004- 501.21	DE26-P004- 501.22	DE26-P004 501.23	DE26-P004 501.24	TOTAL
Funds advanced	\$1,966	\$608,595	\$86,634	\$68,679	\$765,874
Management improvements	-	-	-	-	-
Site improvements	1,966	583,475	-	-	585,441
Dwelling structures	-	-	-	-	-
Dwelling equipment - nonexpendable	-	-	-	-	-
Nondwelling structures/equipment	-	-	-	-	-
Administration	-	-	86,634	68,679	155,313
Fees and costs	-	25,120	-	-	25,120
Funds expended	1,966	608,595	86,634	68,679	765,874
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, 2025, and the related notes to the financial statements, which collectively comprise DSHA's basic financial statements, and have issued our report thereon dated December 12, 2025.

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 2025-001 and 2025-002 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 and recommendations. 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 12, 2025
Wilmington, Delaware

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF FINDINGS
JUNE 30, 2025

Reference Number: 2025-001

Type of Finding: Significant Deficiency

Department of Finance - Financial Reporting Close Process

Condition: We found three material misstatements of the financial statement balances requiring adjusting journal entries:

- A \$1,000,000 adjusting journal entry was required to correctly record debt service principal payments in the Non-Major Funds and the Government-Wide Adjustment Fund.
- An adjusting journal entry was required to decrease assets and increase expense by \$688,016 to record an allowance on loans receivable in the Non-Major Funds.
- A material adjusting journal entry was required to decrease revenue and expense by \$5,864,456 to properly record the change in unrealized gains and losses that was incorrectly recorded as expense in the Single Family Enterprise Fund.

These adjustments were required as a result of our audit procedures but should have been made during DSHA's year-end financial close process.

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 prior year, DSHA did not record an allowance on certain loans receivable in a Non-Major Fund and the Single Family Enterprise Fund because the allowance was not material. During the year ending June 30, 2025, DSHA management did not review its allowance calculation on loans receivable in the two funds that were not material as of June 30, 2024. During the year ended June 30, 2025, additional loans were issued and the programs became material and therefore required allowances to be recorded.

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF FINDINGS - CONTINUED
JUNE 30, 2025

Reference Number: 2025-001 - Continued

Effect: These material misstatements, discovered by the auditors during the course of fieldwork, required adjustment to correct misstatement of 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 most 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, 2025

Reference Number: 2025-002

Type of Finding: Significant Deficiency

Department of Finance - Financial Statement Preparation Process

Condition: The Authority's Financial Analysis and Reporting Section does not currently possess the necessary staffing to timely and accurately prepare the Authority's financial statements including Management's Discussion and Analysis in a timely manner.

Context: In July 2025, the Authority's Financial Analysis & Reporting Section Manager resigned their position. In August 2025, the Authority engaged a consultant to prepare its June 30, 2025 financial statements. While the Authority made efforts to prepare the June 30, 2025 financial statements, the Authority's consultant did not timely prepare the June 30, 2025 financial statements. The Authority and its consultants encountered significant difficulties in preparing the financial statements that resulted from other unexpected turnover and incomplete Authority records.

The Authority is a component unit of the State of Delaware. For the year ended June 30, 2025, the Authority was required to submit its financial statements to the State of Delaware Auditor of Accounts and the State of Delaware Division of Accounting by October 31, 2025.

Criteria: Strong internal controls require management to be responsible for the preparation and fair presentation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Timely and complete preparation is essential to ensure compliance with reporting deadlines.

Cause: The delay in completing the financial statements was due to two primary factors:

- Turnover in a key financial management and reporting position.
- The absence of a robust and resilient financial reporting preparation process that could function during staff turnover or when faced with incomplete records.

Effect: As a result of the condition, the Authority required additional assistance to prepare its financial statements for the year ended June 30, 2025. The Authority did not meet its reporting obligations to the State of Delaware in a timely manner. This failure delayed the completion of the Authority's audit and risked delaying the completion of the State's Annual Comprehensive Financial Report (ACFR).

Recommendation: We recommend DSHA enhance its financial reporting process by:

- Establishing a formal financial close calendar with defined roles, responsibilities, and deadlines.

DELAWARE STATE HOUSING AUTHORITY
SCHEDULE OF FINDINGS - CONTINUED
JUNE 30, 2025

Reference Number: 2025-002 - Continued

Recommendation - Continued:

- Monitoring progress throughout the reporting cycle to ensure timely completion.
- Consider leveraging the MITAS financial reporting module to improve efficiency and reduce reliance of external support.
- Implement additional procedures to complete a quarterly or monthly close to help strengthen the year-end financial close processes.

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



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December 08, 2025

Office of the Auditor of Accounts
State of Delaware
401 Federal Street, Suite 1
Dover, DE 19901

Subject: Management Response to Audit Findings for Fiscal Year Ended June 30, 2025

To Whom It May Concern:

The Delaware State Housing Authority (DSHA) respectfully submits the following management responses and corrective action plans in response to the audit findings identified in the Independent Auditor's Report for the fiscal year ended June 30, 2025.

Finding 2025-001: Financial Reporting Close Process

DSHA acknowledges the significant deficiency related to the financial reporting close process. We recognize the importance of timely and accurate year-end closing procedures to ensure the integrity of our financial statements.

Corrective Action Plan:

- 1) DSHA will revise its year-end financial close checklist to include a comprehensive review of all material and non-routine transactions, including loan loss reserves and unrealized investment gains/losses.
 - a) A second-level review process will be instituted for all significant journal entries and reconciliations, to be conducted by a senior Accountant, the Financial Operations Reporting Manager or the Director of Financial Management.
 - b) DSHA will maintain a rolling log of prior-year audit adjustments to ensure they are reviewed and considered during each year's close process.
 - c) DSHA will implement new controls to ensure processes are being applied to all accounts within scope.
 - d) Updates to procedures and training will be completed by March 31, 2026, in preparation for the FY26 close.

Responsible Party: Director of Financial Management, in coordination with the Financial Operations & Reporting Section.

Finding 2025-002: Financial Statement Preparation Process

DSHA acknowledges the significant deficiency related to the financial statement preparation process. We are committed to strengthening our internal capacity and improving the timeliness and accuracy of our financial reporting.

Corrective Action Plan:

- 2) DSHA has recruited and onboarded a permanent Financial Operation Reporting Section Manager.
 - a) A detailed financial reporting calendar will be developed, outlining key milestones, responsibilities, and deadlines for each reporting cycle.
 - b) DSHA will implement a minimum quarterly close to reduce the burden of year-end reporting and improve data accuracy throughout the year.
 - c) DSHA will evaluate the MITAS financial reporting module or other tools available to automate portions of the financial statement preparation process and reduce reliance on external consultants
 - d) DSHA will work to implement new user tools to mitigate any system limitations inherent in our current user tools.
 - e) Calendar and quarterly close procedures will be in place by June 30, 2026. MITAS or additional module(s) will be evaluated by September 2026.

Responsible Party: Chief Financial Officer & Director of Financial Management, with support from the IT and HR departments.

We appreciate the opportunity to respond to the audit findings and remain committed to continuous improvement in our financial management practices.

Sincerely,

Brian Rossello

Brian K. Rossello
Chief Financial Officer
Delaware State Housing Authority

UNAUDITED

**DELAWARE STATE HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2025**

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.

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, 2025 audit. See finding 2025-001.

UNAUDITED

**DELAWARE STATE HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED
JUNE 30, 2025**

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.

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

Current Status: This finding has been addressed.