South Dakota Housing Development Authority

Financial Report

June 30, 2015 and 2014

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To The Chairman and Members of the
Board of Commissioners
South Dakota Housing Development Authority
(A component Unit of the State of South Dakota)
Pierre, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of South Dakota Housing Development Authority, a component unit of the State of South Dakota, which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of South Dakota Housing Development Authority, as of June 30, 2015 and 2014, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard
As discussed in Notes 2 and 17 to the financial statements, the Authority has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. In accordance with GASB Statement No. 68, the 2014 financial statements have not been restated to reflect this change. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the Schedule of Authority's Contributions and Schedule of Authority's Proportionate Share of Net Pension Liability (Asset) on pages 38 and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise South Dakota Housing Development Authority's financial statements. The supplementary schedules set forth on pages 40 through 46 are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 October 23, 2015 on our consideration of South Dakota Housing Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Dakota Housing Development Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Aberdeen, South Dakota
October 23, 2015

This section of the South Dakota Housing Development Authority's (the Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal years ended June 30, 2015 (FY 2015) and 2014 (FY 2014). This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. This analysis should be read in conjunction with the Independent Auditor's Report, financial statements, notes to the financial statements, and supplementary information.

The Authority
The Authority was created in 1973 by an Act of the South Dakota Legislature as a body politic and corporate and an independent public instrumentality for the purpose of encouraging the investment of private capital for the construction and rehabilitation of residential housing to meet the needs of persons and families in the state. Among other things, the Authority is authorized to issue bonds and notes to obtain funds to purchase mortgage loans to be originated by mortgage lenders and to make mortgage loans to individuals for the construction and permanent financing of single family housing; to make mortgage loans to qualified sponsors for the construction and permanent financing of multifamily housing; to purchase, under certain circumstances, existing mortgage loans; to purchase, from mortgage lenders, securities guaranteed by an instrumentality of the United States that finances mortgage loans; and to issue bonds to refund outstanding bonds. Additionally, the Authority has the power, among other powers, to provide technical, consulting and project assistance services to private housing sponsors; to assist in coordinating federal, state, regional and local public and private housing efforts; and to act as a housing and redevelopment commission. The Authority is also authorized to provide financing for day care facilities and assisted living and congregate care facilities; to guarantee mortgage loans; and to provide rehabilitation financing.

The Authority's financial statements include the operations of funds that the Authority has established to achieve its purpose. The activity of the Authority is accounted for as a proprietary type fund. The Authority is a component unit of the State of South Dakota and its financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

Basic Financial Statements
The basic financial statements include three required statements and the accompanying Notes to the Financial Statements. The three required statements are the Statement of Net Position, the Statement of Revenues, Expenses, and Change in Net Position, the Statement of Cash Flows.

The Statement of Net Position provides information about the liquidity and solvency of the Authority by indicating the nature and the amounts of investments in resources (assets), its deferred outflows of resources, obligations to Authority creditors (liabilities), its deferred inflows of resources and its resulting net position. Net position represents the amount of total assets, plus deferred outflows of resources, less total liabilities, less deferred inflows of resources. The organization of the statement separates assets and liabilities into current and non-current components.

The Statement of Revenues, Expenses, and Change in Net Position accounts for all of the current year's revenues and expenses in order to measure the success of the Authority's operations over the past year. This statement is organized by separating operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses are defined as those relating to the Authority's primary business of construction, preservation, rehabilitation, purchase and development of affordable single and multifamily housing and daycare facilities. Nonoperating revenues and expenses are those that do not contribute directly to the Authority's primary business. The Authority did not have any nonoperating items.

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The Statement of Cash Flows provides information about the net change in the Authority's cash and cash equivalents for the fiscal year and is presented using the direct method of reporting. It provides information about the Authority's cash receipts, cash payments and net changes in cash resulting from operating, investing, and financing activities. Cash receipts and payments are presented in this statement to arrive at the net increase or decrease in cash and cash equivalents for each year.

These statements are accompanied by a complete set of Notes to the Financial Statements that communicate information essential for fair presentation of the basic financial statements. As such, the Notes form an integral part of the basic financial statements.

Changes in Financial Position

The following tables show the significant changes that have taken place over the past three fiscal years ended FY 2015, FY 2014 and FY 2013 for the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Net Position of the Authority:

Changes in Statement of Revenues, Expenses, and Net Position
(In Millions of Dollars)

	FY 2015	FY 2014	FY 2013	% Change 2015/2014	% Change 2014/2013
Revenues:					
Interest on mortgages	$ 39.1	$ 47.1	$ 59.8	-17.0%	-21.2%
Investment income	17.6	18.6	14.4	-5.4%	29.2%
Increase (decrease) in fair market value of investments and program MBS	3.3	3.2	(22.6)	3.1%	-114.2%
HUD contributions	27.9	30.6	31.9	-8.8%	-4.1%
Other income	5.3	10.6	6.9	-50.0%	53.6%
Total revenues	$ 93.2	$ 110.1	$ 90.4	-15.3%	21.8%
Expenses:					
Interest	$ 36.5	$ 42.6	$ 54.6	-14.3%	-22.0%
Servicer fees	2.2	2.5	3.3	-12.0%	-24.2%
Arbitrage rebate provision (benefit)	(0.1)	0.1	(1.8)	-200.0%	-105.6%
General and administrative	6.4	6.9	5.8	-7.2%	19.0%
Housing assistance payments	23.2	23.4	23.9	-0.9%	-2.1%
Other	8.8	8.9	9.9	-1.1%	-10.1%
Total expenses	77.0	84.4	95.7	-8.8%	-11.8%
Change in net position	$ 16.2	$ 25.7	$ (5.3)	-37.0%	-584.9%

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Changes in Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position
(In Millions of Dollars)

	FY 2015	FY 2014*	FY 2013*	% Change 2015/2014	% Change 2014/2013
Assets:					
Cash and equivalents	$ 144.6	$ 122.3	$ 166.5	18.2%	-26.5%
Investments	601.1	610.6	594.2	-1.6%	2.8%
Mortgages and securities	803.5	956.3	1,131.2	-16.0%	-15.5%
Line of credit receivable	32.2	-	-	-	-
Interest receivable	6.2	7.5	9.1	-17.3%	-17.6%
Capital assets	5.9	6.3	6.6	-6.3%	-4.5%
Other	11.3	11.1	3.4	1.8%	226.5%
Total assets	1,604.8	1,714.1	1,911.0	-6.4%	-10.3%
Deferred Outflow of Resources					
Deferred loss on refunding	0.7	1.3	1.8	-46.2%	-27.8%
Deferred forward contract outflow	-	0.2	-	-	-
Deferred swap outflow	12.0	18.4	24.6	-34.8%	-25.2%
Related to pensions	1.0	-	-	-	-
Total assets and deferred outflows	$ 1,618.5	$ 1,734.0	$ 1,937.4	-6.7%	-10.5%
Liabilities:					
Current bonds payable	$ 33.5	$ 29.2	$ 46.2	14.7%	-36.8%
Interest payable	5.5	6.6	8.2	-16.7%	-19.5%
Fair value of interest rate swaps	12.0	18.6	24.6	-35.5%	-24.4%
Other	13.1	13.1	16.0	0.0%	-18.1%
Noncurrent bonds payable	1,051.6	1,181.8	1,383.0	-11.0%	-14.5%
Total liabilities	1,115.7	1,249.3	1,478.0	-10.7%	-15.5%
Deferred Inflow of Resources					
Deferred forward contract inflow	0.1	-	0.3	-	-
Related to pensions	1.2	-	-	-	-
Total liabilities and deferred inflows	1,117.0	1,249.3	1,478.3	-10.6%	-15.5%
Net Position:					
Net investment in capital assets	(0.4)	(0.2)	0.1	100.0%	-300.0%
Restricted by state statute	14.0	16.0	7.1	-12.5%	125.4%
Restricted for pension benefits	0.8	-	-	-	-
Restricted by bond indentures	416.7	401.2	387.2	3.9%	3.6%
Restricted by HOME and NSP program	70.4	67.7	64.7	4.0%	4.6%
Total net position	501.5	484.7	459.1	3.5%	5.6%
Total liabilities, deferred inflows, and net position	$ 1,618.5	$ 1,734.0	$ 1,937.4	-6.7%	-10.5%

**Due to the implementation of GASB 68 in FY2015, figures may not be comparable to prior years for some areas of the financial statements.*

Financial Highlights for FY 2015

- Total operating revenues decreased 15.3% to $93.2 million for FY 2015, from $110.1 million in FY 2014. The main factor contributing to this decrease is the runoff of the homeownership loan balance as repayments and prepayments have shrunken the portfolio size. Also contributing to the decrease was the $7.5 million we received in FY 2014 but not in FY 2015 from the State of South Dakota to administer the Housing Opportunity Fund.

- Total operating expenses decreased 8.8% to $77.0 million for FY 2015, from $84.4 million in FY 2014. The primary components of the decrease were servicer fees and interest expense. The decrease in servicer fees is from the shrinking homeownership loan portfolio; and the decrease in interest expense is caused by the $125.9 million decrease in bonds outstanding at year end.

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- Net position of the Authority for FY 2015 was $501.5 million, which represented an increase of $16.8 million, or 3.5%, from the FY 2014 net position level.

- Mortgage loans receivable, net of adjustments for the potential for loan loss was $803.5 million for FY 2015, which represented a decrease of $152.8 million, or 16.0% for FY 2015, from the FY 2014 level of $956.3 million. In the last of half of FY 2012, the Authority changed its business model from purchasing homeownership loans to purchasing mortgage-backed securities (MBS) secured by homeownership loans. As a result, the homeownership loan portfolio, now in runoff, will continue to shrink as repayments and prepayments are no longer offset by new loans. Instead, the portion of investments represented by MBS will increase as they are purchased in place of loans, as long as bonds can be issued to finance these purchases, otherwise the MBS will be sold to investors and will not become part of the portfolio.

- The line of credit receivable is a credit line in the maximum amount of $40 million provided to the Authority's master servicer to purchase mortgage loans until they can be securitized and delivered back as securities. The line of credit had a balance of $32,141,991 for FY 2015 and $0 for FY 2014.

- Interest received on mortgage loans was $39.1 million for FY 2015, which represented a decrease of $8.0 million from the $47.1 million reported in FY 2014. As the loan balance decreased, so did the interest received on loans.

- Investment income was $17.6 million for FY 2015, which represented a decrease of $1.0 million, or 5.4% in FY 2015, from $18.6 million in FY 2014 due to the additional assets in FY2015. The fair market value increased by $3.3 million in FY 2015 and increased by $3.2 million in FY 2014. The FY 2015 fair market increase was a result of lower interest rates at fiscal year end. Ignoring the effects of the net increase (decrease) in fair market value of investments, the change in net position would have been $12.9 million for FY 2015 compared to $22.5 million for FY 2014. The decrease in net position was primarily due to the one time revenue of $7.5 million for the Housing Opportunity Fund in FY 2014.

- Deferred outflows of resources from interest rate swaps at the end of FY 2015 decreased to $12.0 million from $18.4 million at the end of FY2014, or 34.8%. The decrease was a result of two swap terminations at par and the remaining swaps getting closer to their optional par termination dates.

- Bonds and notes outstanding of the Authority were $1,085.1 million for FY 2015, which was a decrease of $125.9 million, or 10.4% in FY 2015, from $1,211.0 million in FY 2014 due to more bonds being redeemed or maturing during the year than bonds being issued.

- Interest expense on bonds and notes outstanding decreased $6.1 million, or 14.3% in FY 2015, from $42.6 million in FY 2014 as a result of fewer bonds outstanding during the year.

- The Authority performed an operating transfer of $2.8 million from the Homeownership Mortgage Loan Program to the Single Family Mortgage Loan Program ($0.4 million) and the General Operating Account (2.4) million. The Authority normally transfers up to 1% of loan purchases from the Homeownership Mortgage Loan Program and 0.5% of the outstanding loan balance of the Single Family Mortgage Loan Program to the General Operating Account to pay for operating expenses. Also making up part of the $2.8 million transfer from the Homeownership Mortgage Loan Program was a transfer to purchase materials for the new 3 bedroom Governor's House Program. Sales of these new homes will go towards repaying this transfer.

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Financial Highlights for FY 2014

- Total operating revenues increased 21.8% to $110.1 million for FY 2014, from $90.4 million in FY 2013. The main factor contributing to this increase was the $3.2 million unrealized gain in FY 2014 versus the $22.6 million unrealized loss in FY 2013. This $19.7 million swing was partially offset by interest income on loans decreasing by $12.8 million from FY 2013 as repayments and prepayments decreased the size of the homeownership loan portfolio. Also contributing to the increase was a $7.5 million receivable from the State of South Dakota to administer the Housing Opportunity Fund. This Fund was created by the 2013 legislature for the development of work force housing. The 2014 legislature appropriated $2.5 million per year for the next three years to this Fund.

- Total operating expenses decreased 11.7% to $84.4 million for FY 2014, from $95.7 million in FY 2013. The primary components of the decrease were servicer fees and interest expense. The decrease in servicer fees is from the shrinking homeownership loan portfolio; and the decrease in interest expense is caused by the $218.2 million decrease in bonds outstanding at year end.

- Net position of the Authority for FY 2014 was $484.7 million, which represented an increase of $25.6 million, or 5.6%, from the FY 2013 net position level.

- Mortgage loans receivable, net of adjustments for the potential for loan loss was $956.3 million for FY 2014, which represented a decrease of $174.9 million, or 15.5% for FY 2014, from the FY 2013 level of $1,131.2 million. In the last of half of FY 2012, the Authority changed its business model from purchasing homeownership loans to purchasing mortgage-backed securities (MBS) secured by homeownership loans. As a result, the homeownership loan portfolio, now in runoff, will continue to shrink as repayments and prepayments are no longer offset by new loans. Instead, the portion of investments represented by MBS will increase as they are purchased in place of loans, as long as bonds can be issued to finance these purchases, otherwise the MBS will be sold to investors and will not become part of the portfolio.

- Interest received on mortgage loans was $47.1 million for FY 2014, which represented a decrease of $12.7 million from the $59.8 million reported in FY 2013. As the loan balance decreased, so did the interest received on loans.

- Investment income was $18.6 million for FY 2014, which represented an increase of $4.2 million, or 29.2% in FY 2014, from $14.4 million in FY 2013 due to the higher interest rates received on new investments. The fair market value increased by $3.2 million in FY 2014 and decreased by $22.6 million in FY 2013. The FY 2014 fair market increase was a result of falling interest rates at fiscal year end. Ignoring the effects of the net increase (decrease) in fair market value of investments, the change in net position would have been $22.5 million for FY 2014 compared to $17.4 million for FY 2013.

- Deferred outflows of resources from interest rate swaps at the end of FY 2014 decreased to $18.4 million from $24.6 million at the end of FY2013, or 25.2%. The decrease was a result of two swap terminations at par and the remaining swaps getting closer to their optional par termination dates.

- Bonds and notes outstanding of the Authority were $1,211.0 million for FY 2014, which was a decrease of $218.2 million, or 15.3% in FY 2014, from $1,429.2 million in FY 2013 due to more bonds being redeemed or maturing during the year than bonds being issued.

- Interest expense on bonds and notes outstanding decreased $12.0 million, or 22.0% in FY 2014, from $54.6 million in FY 2013 as a result of fewer bonds outstanding during the year.

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- The Authority performed an operating transfer of $3.6 million from the Homeownership Mortgage Loan Program ($2.6 million) and the Single Family Mortgage Loan Program ($1.0 million) to the General Operating Account. The Authority transfers up to 1% of loan purchases from the Homeownership Mortgage Loan Program and 0.5% of the outstanding loan balance of the Single Family Mortgage Loan Program to the General Operating Account to pay for operating expenses. Also making up part of the $2.6 million transfer from the Homeownership Mortgage Loan Program was a $1.0 million dollar transfer to purchase materials for the new 3 bedroom Governor's House Program. Sales of these new homes will go towards repaying this transfer.

Loan Portfolio Activity for FY 2015 and FY 2014

The Authority's loan portfolio is comprised of single family and multifamily development loans for low- and moderate-income individuals and families. The Homeownership Mortgage Loan Program is the Authority's largest single category of assets. Amortizing homeownership loans at fixed interest rates, secured by first mortgages, continue to be the dominant loan product offered by the Authority.

In April 2012, the Authority changed its business model from purchasing whole loans financed with bond proceeds to purchasing loans and securitizing the loans into MBS. The MBS can then be held in the portfolio as an investment, sold to the secondary market using forward contracts to hedge the interest rate risk, or financed with bond proceeds (if the market allows).

In February 2013 the Authority implemented the Mortgage Credit Certificate (MCC) program to utilize bonding authority that was set to expire. The MCC gives the Authority a competitive advantage over the conventional market by allowing the borrower a tax credit on their income tax return which in return allows a lower effective annual percentage rate on their loan.

The Homeownership Mortgage Loan Program purchased approximately $163 million of MBS's during FY 2015 compared to $145 million in FY 2014.

Debt Administration

The Authority is authorized to issue debt to purchase or originate mortgage loans on single family and multifamily residential properties. As of FY 2015, the Authority had $1,085.1 million in bonds outstanding, a 10.4% decrease from FY 2014. As of FY 2014, the Authority had $1,211.0 million in bonds outstanding, a 15.3% decrease from FY 2013.

The Authority issued a total of $197.3 million in bonds in FY 2015 as new long-term debt. Of that amount, $50.0 million was used to finance the Homeownership Mortgage Loan Program and $147.3 million was used to refund existing bonds. No bonds were issued to preserve bonding authority. During FY 2015, the Agency chose to convert $229.8 million of bonding authority to MCC authority in another effort to support first-time homebuyers. The Authority issued a total of $95.8 million in bonds in FY 2014. Of that total, $41.0 million was issued as new long-term debt and $54.8 was used to refund existing bonds. During FY 2014, the Agency chose to convert $106.6 million of bonding authority to MCC authority in another effort to support first-time homebuyers. No bonds were issued to preserve bonding authority.

The Authority retired or paid at maturity a total of $323.2 million in bonds in FY 2015. $294.0 million was redeemed from prepayments and excess reserves and $29.2 million was maturing principal. The Authority retired or paid at maturity a total of $313.0 million in bonds in FY 2014. $266.8 million was redeemed from prepayments and excess reserves and $46.2 million was maturing principal.

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In FY 2015 and FY 2014, the Authority's Homeownership Mortgage Bonds were rated AAA by Standard and Poor's, and Aa1 by Moody's Investors Service. In FY 2015 and FY 2014, the Authority's Multiple Purpose Bonds were rated Aa3 by Moody's Investors Service. In FY 2015 and FY 2014, the Authority's Single Family Mortgage Bonds were rated Aa3 by Moody's Investors Service. Moody's Investors Service has given the Authority an Issuer Rating of Aa3.

More detailed information about the Authority's debt can be found in Note 5, Bonds Payable.

Capital Assets

Capital assets decreased by $0.4 million in FY 2015 from $6.3 million in FY2014. This net change is due primarily to the amortization of existing assets.

Capital assets decreased by $0.3 million in FY 2014 from $6.6 million in FY 2013. This net change is due to the completion of an off-site operating system and backup system, the purchase of a new phone system and the amortization of existing assets.

More detailed information about the Authority's capital assets can be found in Note 15, Capital Assets.

Economic Outlook

Economic conditions in South Dakota are relatively good in comparison to the rest of the nation due to prudent fiscal policy. The State of South Dakota operates on a balanced budget and the State's pension fund is over 100% funded. The Authority's foreclosure rate of 2.81%, delinquency rate of 4.33% and the State's unemployment rate of 3.8% are well below the national averages. These percentages, along with stable home prices, have all contributed to the success of the Authority over the past five years. Going forward the Authority will try to maximize its return on investments and will continue to look for innovative ways to finance the Authority's Single and Multifamily programs.

Overview

This financial report is designed to provide a general overview of the Authority's finances. If you have questions about this report or would like to request additional information contact the South Dakota Housing Development Authority's Director of Finance at PO Box 1237, 3060 E. Elizabeth Street, Pierre, SD 57501-1237.

Assets	**2015**	2014
Current Assets		
Cash and cash equivalents (Note 3)	**$ 144,637,679**	$ 122,309,211
Investment securities - other (Note 3)	**33,937,975**	40,176,847
Mortgage loans receivable, net (Note 4)	**42,297,452**	49,671,165
Guaranteed mortgage securities (Note 2)	**648,039**	1,732,132
Interest receivable	**6,118,708**	7,532,287
Other receivables	**2,941,768**	2,785,592
Other assets	**3,184,643**	2,443,922
Hedging derivatives (Note 8)	**43,385**	-
Total Current Assets	**233,809,649**	226,651,156
Noncurrent Assets		
Investment securities - other (Note 3)	**351,352,117**	441,621,756
Investments - program mortgage-backed securities (Note 3)	**215,824,242**	128,780,293
Mortgage loans receivable, net (Note 4)	**722,518,863**	866,231,868
Guaranteed mortgage securities (Note 2)	**38,019,908**	38,679,001
Line of credit receivable	**32,141,991**	-
Other receivables	**5,163,785**	5,877,016
Furniture and equipment, at cost, less accumulated depreciation	**994,206**	1,193,102
Building, at cost, less accumulated depreciation	**4,112,628**	4,238,361
Land improvement, at cost, less accumulated depreciation	**616,675**	608,342
Land	**220,409**	220,409
Total Noncurrent Assets	**1,370,964,824**	1,487,450,148
Total Assets	**1,604,774,473**	1,714,101,304
Deferred Outflow of Resources		
Loss on refunding	**725,240**	1,290,031
Forward contracts	**-**	216,585
Swaps (Note 8)	**11,984,465**	18,393,671
Related to pensions (Note 12)	**994,910**	-
Total Assets and Deferred Outflow of Resources	**$ 1,618,479,088**	$ 1,734,001,591
Liabilities		
Current Liabilities		
Bonds payable (Note 6)	**$ 33,519,838**	$ 29,239,239
Accrued interest payable	**5,476,658**	6,555,955
Accounts payable and other liabilities (Note 16)	**1,540,891**	1,474,138
Multifamily escrows and reserves	**10,632,673**	11,349,550
Total Current Liabilities	**51,170,060**	48,618,882
Noncurrent Liabilities		
Bonds payable (Note 6)	**1,051,561,982**	1,181,826,808
Accounts payable and other liabilities (Note 16)	**950,768**	230,834
Hedging derivatives (Note 8)	**11,984,465**	18,610,256
Total Noncurrent Liabilities	**1,064,497,215**	1,200,667,898
Total Liabilities	**1,115,667,275**	1,249,286,780
Deferred Inflow of Resources		
Forward contracts (Note 8)	**43,385**	-
Related to pensions (Note 12)	**1,283,313**	-
Total Liabilities and Deferred Inflow of Resources	**1,116,993,973**	1,249,286,780
Net Position		
Net investment in capital assets	**(441,082)**	(184,786)
Restricted for pension benefits	**819,652**	-
Restricted by state statue	**14,046,934**	15,967,989
Restricted by bond indentures	**416,628,612**	401,212,450
Restricted by HOME and NSP Program	**70,430,999**	67,719,158
Total Net Position	**501,485,115**	484,714,811
Total Liabilities, Deferred Inflow of Resources, and Net Position	**$ 1,618,479,088**	$ 1,734,001,591

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30

Operating Revenues		**2015**		2014
Interest income on mortgage loans and guaranteed mortgage securities	**$**	**39,075,911**	$	47,111,255
Earnings on investments and program mortgage-backed securities		**17,594,905**		18,556,219
Net increase in the fair market value of investments and program mortgage-backed securities		**3,336,718**		3,219,942
HUD contributions		**27,905,512**		30,653,728
Other income		**5,250,736**		10,603,497
Total Operating Revenues		**93,163,782**		110,144,641
Operating Expenses				
Interest		**36,521,835**		42,585,214
Housing assistance payments		**23,183,186**		23,433,261
Servicer fees		**2,193,334**		2,512,160
Arbitrage rebate expense (benefit)		**(123,999)**		62,741
General and administrative		**6,429,656**		6,919,525
Bond financing costs		**2,492,217**		1,801,907
Other housing programs		**5,539,227**		4,432,310
Provision for loan loss		**753,021**		2,722,777
Total Operating Expenses		**76,988,477**		84,469,895
Change in net position		**16,175,305**		25,674,746
Net position, beginning of fiscal year (2015 restated, Note 17)		**485,309,810**		459,040,065
Net Position, End of Fiscal Year	**$**	**501,485,115**	$	484,714,811

	2015	2014
Cash Flows Provided by Operating Activities		
Receipts from loan payments and program mortgage-backed securities	**$ 273,345,065**	$ 344,558,883
Receipts for program fees	**7,712,975**	3,500,367
Receipts from federal housing programs	**27,905,512**	30,653,728
Payments for loan programs and program mortgage-backed securities	**(191,670,223)**	(147,523,305)
Payments for operating expenses	**(5,589,164)**	(6,109,568)
Payments to employees	**(3,610,034)**	(3,354,272)
Payments for federal housing programs	**(23,183,186)**	(23,433,261)
Payments for other housing programs	**(6,091,853)**	(7,844,910)
Net Cash Provided by Operating Activities	**78,819,092**	190,447,662
Cash Flows Used in Noncapital Financing Activities		
Proceeds from sale of bonds	**200,065,948**	95,845,000
Principal paid on bonds	**(323,155,027)**	(313,023,311)
Interest paid on bonds	**(39,863,600)**	(47,095,646)
Bond issuance costs paid	**(2,492,217)**	(1,801,907)
Net Cash Used in Noncapital Financing Activities	**(165,444,896)**	(266,075,864)
Cash Flows Used in Capital and Related Financing Activities		
Purchase of capital fixed assets	**(126,223)**	(208,574)
Principal paid on bonds	**(60,000)**	(55,000)
Interest paid on capital debt	**(7,890)**	(9,723)
Net Cash Used in Capital and Related Financing Activities	**(194,113)**	(273,297)
Cash Flows Provided by Investing Activities		
Purchase of investment securities	**(161,204,102)**	(498,504,238)
Proceeds from sale and maturities of investment securities	**256,475,895**	513,282,154
Interest received on investments	**13,876,592**	16,914,654
Net Cash Provided by Investing Activities	**109,148,385**	31,692,570
Change in Cash and Cash Equivalents	**22,328,468**	(44,208,929)
Cash and Cash Equivalents, Beginning of Year	**122,309,211**	166,518,140
Cash and Cash Equivalents, End of Year	**$ 144,637,679**	$ 122,309,211
Reconciliation of Operating Income to Cash Flows Provided by Operating Activities		
Operating income	**$ 16,175,305**	$ 25,674,746
Adjustments to reconcile operating income to net cash provided by operating activities:		
Interest on bonds payable	**36,521,835**	42,585,215
Net increase in fair market value of investments	**(3,336,718)**	(3,219,942)
Interest from investments	**(13,443,142)**	(15,399,411)
Bond financing costs	**2,492,217**	1,801,907
Provision for loan loss	**753,021**	2,722,776
Depreciation	**439,860**	474,107
Changes in assets and liabilities		
Loan interest receivable	**1,240,814**	1,258,834
Accounts payable and other liabilities	**(57,246)**	187,331
Mortgage loans receivable	**152,076,883**	172,138,195
Investments - program mortgage-backed securities	**(82,728,538)**	(26,629,514)
Line of credit receivable	**(32,141,991)**	-
Other receivables	**2,509,043**	(7,103,130)
Other assets	**(740,721)**	(857,707)
Decrease/(increase) related to pensions	**(224,653)**	-
Multifamily escrows and reserves	**(716,877)**	(3,185,745)
Net Cash Provided by Operating Activities	**$ 78,819,092**	$ 190,447,662

Note 1 - Authorizing Legislation and Indentures:

Authorizing Legislation:

The South Dakota Housing Development Authority (the Authority) was created in 1973 by an Act of the South Dakota Legislature. The Authority was established for the purpose of encouraging the investment of private capital and stimulating the construction and rehabilitation of residential housing for the people of the State through the use of public financing including public construction, public loans, public purchase of mortgages and otherwise. The Authority may issue notes and bonds in principal amounts specifically approved by the Governor. The Internal Revenue Code of 1986 established a state ceiling for qualified private activity bonds applicable to the State of South Dakota for any calendar year. The calendar year state allocation for South Dakota is $301,515,000 for 2015. Amounts issued by the Authority shall not be deemed to constitute a debt of the State of South Dakota or any political subdivision thereof. The Authority is a business-type activity component unit of the State of South Dakota. As such, the accompanying financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

Description of Reporting Entity:

The Authority is considered a single enterprise fund for financial reporting purposes. The activities of the Authority are recorded under various indentures established for the administration of the Authority's programs. A further description of these indentures is as follows:

General Operating Account:

This account, authorized by the enabling legislation, was initially funded in August 1973 by a $12,420 grant of federal funds from the South Dakota State Economic Opportunity Office. Funding on an ongoing basis is derived principally from loan origination fees, allowable transfers from other funds and investment income. Authorized activities of this account include the following:

(i) payment of general and administrative expenses and other costs not payable by other funds of the Authority; and,

(ii) those activities deemed necessary to fulfill the Authority's corporate purposes for which special funds are not established.

Included in the account are the activities of statewide Section 8 Housing Assistance Payments Programs, which the Authority administers on behalf of the U.S. Department of Housing and Urban Development (HUD). Under these programs, the Authority distributes housing assistance payments received from HUD.

The Authority has appropriated all income received in the General Operating Account to a General Reserve Account. This account can be used only for the administration and financing of programs in accordance with the policy and purpose of the enabling legislation.

Homeownership Mortgage Bonds:

This indenture, established under the Homeownership Mortgage Bond Resolution adopted June 16, 1977, as amended and restated as of March 11, 2008, is prescribed for accounting for the proceeds from the sale of the Homeownership Mortgage Bonds, the debt service requirements of the bond indebtedness, the remaining assets and liabilities of the Single Family Housing Program and mortgage loans on eligible single family residential housing disbursed from bond proceeds. The mortgage loans are made to finance the construction, rehabilitation or ownership of such housing, and are insured by the Federal Housing Administration (FHA) or private mortgage insurers, guaranteed by the Veterans Administration (VA), guaranteed by USDA Rural Development (RD), or have a principal amount which does not exceed 80% of the appraised value of the home. This indenture also accounts for the Mortgage Backed Security Program and the investments related to this program.

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Single Family Mortgage Bonds:

This indenture, established under the Single Family Mortgage Bonds Resolution adopted on December 2, 2009, was created to utilize the United States Treasury's Single Family New Issue Bond Program. This indenture will facilitate the administration and financing of programs for the development or acquisition of owner-occupied housing, at prices that persons of low or moderate income can afford.

Multiple Purpose Bonds:

This indenture, established under the Multiple Purpose Bond Resolution adopted March 1, 2002, is prescribed for accounting for the proceeds from the sale of Multiple Purpose Bonds, for the purpose of effectuating the public purposes of the Authority and establishing procedures to assure that amounts will be sufficient for the repayment of money borrowed for this purpose.

Multifamily Housing Revenue Bonds:

This indenture, established under the Multifamily Housing Revenue Bonds Resolution adopted April 15, 1991, is prescribed for accounting for proceeds from the sale of Multifamily Housing Revenue Bonds to provide funds to make, acquire or otherwise finance loans from multifamily housing developments, or to purchase guaranteed mortgage pass-through certificates to be issued and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (GNMA).

Multifamily Mortgage Pass-Through Bonds:

This indenture, established under the Mortgage Pass-Through Certificates Resolution adopted June 27, 1995, is prescribed for accounting for proceeds from the sale of Mortgage Pass-Through Certificate Bonds to provide funds to acquire mortgage pass-through certificates. The Bonds are special, limited obligations of the Authority, payable solely from revenues and assets held in and receivable by Funds and Accounts established under the Bond Resolution.

Multifamily Risk Sharing Bonds:

This indenture, established under the Multifamily Housing Revenue Bonds Series 1999 Resolution adopted July 1, 1999, is prescribed for accounting for proceeds from the sale of Multifamily Housing Revenue Bonds to provide funds to finance loans for multifamily housing developments. The Bonds are special limited obligations of the Authority, payable solely from revenues and assets held in and receivable by Funds and Accounts established under the Bond Resolution.

Note 2 - Significant Accounting Policies:

Basis of Presentation:

The Authority, as a component unit of the State of South Dakota, follows standards established by the Governmental Accounting Standards Board (GASB). As required by government accounting standards, these financial statements present the Authority and its component units, entities for which the Authority is considered to be financially accountable. The criteria for inclusion in or exclusion from the financial reporting entity is outlined in GASB Statement 14 amended by GASB 61 and includes oversight responsibility, including financial accountability, over agencies by the Authority's Board of Commissioners. The Authority is financially accountable if it appoints a voting majority of an organization's governing body and is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Authority.

Basis of Accounting:

The Authority follows the accrual basis of accounting. Revenue is recognized in the accounting period in which it is earned and expenses are recognized when they are incurred.

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Interest Income:

Accrued interest is recognized on the amount of outstanding mortgage loans. The accrual of interest on delinquent loans is discontinued at the time that foreclosure activities are completed.

Statements of Cash Flows:

For the purposes of the Statements of Cash Flows, cash and cash equivalents are defined as investments with original maturities of ninety days or less and any participating funds in the State's internal investment pool held by the State Treasurer. The amount held in the State's internal investment pool is reported at fair value. The Authority essentially has on demand access to the entire amount of cash in the internal investment pool.

Investments-Program Mortgage-Backed Securities and Investment Securities:

Investments of the Authority are carried at market value. Unrealized gains and losses due to fluctuations in market value are included in income.

Program Mortgage-Backed Securities:

Program mortgage-backed securities are backed by single family mortgage loans. These securities are guaranteed as to payment of principal and interest by either the Government National Mortgage Association or the Federal National Mortgage Association. The securities are carried at market value and unrealized gains and losses are included in income.

Mortgage Loans Receivable:

Loans receivable are carried at their unpaid principal balance less an allowance for loan loss, net of unamortized discounts or premiums, and are recorded as amounts are disbursed. Premiums and discounts are amortized, using the loans outstanding method, over the life of the loans.

Some loans receivable contain provisions for the loans to become grants if certain criteria is met. The conversion of loans receivable to grants is calculated on an annual basis, though the debtor is not entitled to receive full credit until maturity of the loan agreement or upon meeting certain criteria. As loans receivable converted to grants are estimated, loans receivable is credited and a charge to operations is made through the provision for loan loss. Loans receivable includes credits of $15,003,861 and $14,865,330 as of June 30, 2015 and 2014, respectively. Upon maturity of the loan agreement or achievement of specified criteria, the applicable portion of the loan receivable balance is awarded to the debtors.

Guaranteed Mortgage Securities:

Guaranteed Mortgage Securities are mortgages on multifamily developments, the principal and interest payments of which are guaranteed by another entity. The Authority carries the securities at their amortized value.

Fee Income:

Fees collected as reimbursement for costs incurred in developing and implementing the programs of the Authority and for other specific services are recorded as income in the period received.

Receivables:

Receivables not expected to be collected within one year are recorded in the Statement of Net Position as noncurrent.

Bond Premiums and Discounts:

Premiums and discounts on bonds are amortized using the bonds outstanding method over the life of the bonds to which they relate.

Bond Issuance Costs:

Issuance costs on bonds are expensed as incurred.

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Derivative Instruments:

The fair values of both hedging derivatives and investment derivatives (if any) are presented on the Statement of Net Position, either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The change in the total fair value of derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Authority's Statement of Net Position. If a derivative were determined to be an ineffective hedge, it would be classified as an investment derivative, and the change in the total fair value would be presented as part of investment earnings. The Authority currently has two types of derivatives outstanding, both of which are effective hedges, therefore having no effect on net position: interest rate swaps and mortgage-backed security forward contracts.

Real Estate Owned:

Real estate owned and held for sale arises from foreclosures or other mortgage default related actions on properties pledged as collateral on mortgage loans. Real estate held for sale in connection with the Single Family and Multifamily Program is recorded at the unpaid principal balance on the loans as of the date the loans become real estate owned. Since most of the Single Family loans are insured or guaranteed, it is anticipated that the Authority will recover a majority of the unpaid principal balances of the loans through proceeds arising from the sale of such property and certain insurance proceeds. The Single Family amounts determined to be uncollectible are recorded as an allowance for loan loss. Recoveries for Multi-Family nonperforming loans arise from the sale of such property. Estimates for amounts considered to be uncollectible are recorded as an allowance for loan loss.

Capital Asset Policy:

Capital assets costing more than $5,000 are recorded at cost when acquired and depreciated over the estimated useful life of the asset, using the straight-line method. Assets sold or otherwise disposed of are removed from the related accounts and resulting gains or losses are reflected in the Statements of Revenues, Expenses and Changes in Net Position. The classes of assets used by the Authority are furniture and equipment, land, land improvements, and buildings. The estimated useful life for furniture and equipment range from 4-15 years, estimated useful life of land improvements range from 20-30 years and the estimated useful life of buildings range from 27-50 years.

Inventory:

Other assets consist of governor's house inventory, which are recorded at the lower of cost or market. Cost is determined using the weighted average method.

Pensions:

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. The Authority contributions and net pension asset are recognized on an accrual basis of accounting.

Arbitrage Rebate:

The Authority is limited in the investment yield which it may retain for its own use on the non-mortgage investments for most of its bond issues. Excess arbitrage yields must be rebated to the Federal Government in accordance with applicable federal tax regulations. The Authority has recorded liabilities/(receivables) in the amount of ($843,933) and ($719,934) at June 30, 2015 and 2014, respectively, for arbitrage.

Escrows and Reserves:

The Authority requires multifamily projects to escrow funds with the Authority to cover certain future expenditures. Investments equal to the amount of escrows and reserves are restricted for this purpose. Investment income relating to these funds is credited directly to the escrow funds; it is not included in the investment income of the Authority.

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Revenue and Expense Recognition:

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering items in connection with an enterprise fund's ongoing operations. The Authority records all revenues derived from mortgages, investments, servicing, financing and federal housing programs as operating revenues since these revenues are generated from the Authority's daily operations needed to carry out its purpose. Operating expenses include bond interest, bond issuance costs, and depreciation and administrative expenses related to the administration of the Authority's programs.

Pass-Through Grants:

The Authority follows GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. Statement No. 24 requires that all cash pass-through grants received by a governmental entity be reported in its financial statements. The effect of applying these provisions is to increase both operating income and expense when eligible expenses occur.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, reported amounts of revenues and expenses and other disclosures. Actual results could differ from those estimates.

Net Position:

Net Position is classified in the following three components:

- Net investment in capital assets – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets.
- Restricted – Consists of net position with constraints placed on their use by (1) bond indentures and (2) law through enabling legislation.
- Unrestricted – Consists of net position that does not meet the definition of net investment in capital assets or restricted.

Allowance for Loan Loss:

The allowance for loan loss is based upon management's evaluation of the loan portfolio. Factors considered by management include the estimated fair values of the properties that represent collateral, mortgage insurance coverage on the collateral, the financial condition of the borrower, past experience, and the economy as a whole. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions.

Reclassifications:

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on the change in net position or net position.

Implementation of GASB Statement No. 68 and GASB Statement No. 71:

As of July 1, 2014, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension asset/liability, deferred outflows of resources, deferred inflows of resources, and pension revenue/expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 17 and the additional disclosures required by these standards are included in Note 12.

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Recent Accounting Pronouncements:

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement also provides guidance for determining a fair value measurement for financial reporting purposes and guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The requirements of this statement are effective for financial statement periods beginning after June 30, 2015.

Note 3 - Deposits and Investments:

Under the terms of the bond resolutions, the Authority is generally restricted to investments in direct general obligations of the United States of America, agencies and instrumentalities of the United States of America, negotiable or nonnegotiable certificates of deposit issued by a bank that is insured by the FDIC, obligations of the State or any agency or instrumentality thereof, or securities that are permissible for the investment of State public funds under the provisions of § 4-5-26. As of the years ended June 30, 2015 and 2014, all investments held by the Authority were in compliance with the requirements of the bond resolutions.

Deposits:

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority's deposit policy requires deposits in excess of the Depository Insurance maximums must be collateralized 100%. Collateral must be deposited for safekeeping in a financial institution that is not owned or controlled either directly or indirectly by the pledging financial institution. The financial institution where the collateral is held must be a member of the Federal Reserve. As of June 30, 2015 and 2014, of the Authority's deposits of $1,885,292 (carrying value of $1,541,144) and $2,673,131 (carrying value of $1,653,144), respectively, all were covered by insurance or collateral held in the Authority's name in accordance with the Authority's deposit policy.

The $3,336,926 and $2,116,999 of the Authority's cash and cash equivalents being held in the State's internal investment pool as of June 30, 2015 and 2014, respectively, is the statutory responsibility of the South Dakota Investment Council (SDIC). The investment policy and required risk disclosures for the State's internal investment pool are presented in the audit report of the South Dakota Investment Council, which can be obtained by contacting the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, Pierre, SD 57501.

Investments:

Custodial Credit Risk: For investments, 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. The Authority does not have an investment policy for custodial risk. All investments are held in the Authority's name.

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Interest Rate Risk: The Authority limits the maturities of investments for its restricted accounts. Investments of the Capital Reserve accounts must provide for the purposes thereof as estimated by the Authority. The investments must not mature later than the final maturity of the related Series of the Bonds. The average duration of individual securities will not exceed twenty years. Investments of the Mortgage Reserve accounts must provide for the purposes thereof as estimated by the Authority. The duration of 50% of individual securities will not exceed two years from the date of purchase or deposit. The Authority assumes that its callable investments will not be called. The Authority invests in mortgage pass-through securities issued by Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae), and Federal Home Loan Mortgage Corporation (Freddie Mac). Because prepayments of mortgages underlying these securities affect the principal and interest payments received by these securities, the securities are considered highly sensitive to interest rate risk. As of June 30, 2015 and 2014, 47% and 41%, respectively, of the Authority's securities were invested in mortgage pass-through securities. As of June 30, 2015 and 2014, the Authority had investments maturing as follows:

		2015 Investment Maturities (in Years)			
	Fair Value	**Less Than 1**	**1 to 5**	**6 to 10**	**Greater Than 10**
U.S Government obligations	**$ 80,866,629**	**$ 5,415,024**	**$ 43,950,694**	**$ 30,982,276**	**$ 518,635**
U.S. Agency obligations	**509,160,547**	**25,725,568**	**62,394,366**	**25,547,906**	**395,492,707**
Money market/mutual funds	**139,759,610**	**139,759,610**	**-**	**-**	**-**
Investment agreements	**639,865**	**-**	**-**	**-**	**639,865**
Certificates of deposit	**6,441,394**	**1,744,274**	**4,697,120**	**-**	**-**
State obligations	**4,009,385**	**1,056,594**	**2,416,131**	**536,660**	**-**
Total	**$ 740,877,430**	**$ 173,701,070**	**$ 113,458,311**	**$ 57,066,842**	**$ 396,651,207**

		2014 Investment Maturities (in Years)			
	Fair Value	Less Than 1	1 to 5	6 to 10	Greater Than 10
U.S Government obligations	$ 103,863,279	$ 1,981,897	$ 50,885,334	$ 50,212,568	$ 783,480
U.S. Agency obligations	495,779,930	35,737,559	84,083,657	43,176,602	332,782,112
Money market/mutual funds	118,049,068	118,049,068	-	-	-
Investment agreements	634,140	-	-	-	634,140
Certificates of deposit	6,433,400	2,096,862	4,336,539	-	-
State obligations	4,358,146	850,529	2,969,933	537,685	-
Total	$ 729,117,963	$ 158,715,915	$ 142,275,463	$ 93,926,855	$ 334,199,732

At June 30, 2015 and 2014, certain cash equivalents and investment in securities are restricted in prescribed amounts by the bond resolutions as follows:

	2015			
	Homeownership Mortgage Bonds	**Single Family Mortgage Bonds**	**Multiple Purpose Bonds**	**Multifamily Risk Sharing Bonds**
Capital reserve for debt service	**$ 29,560,240**	**$ -**	**$ 3,068,178**	**$ 611,416**
Mortgage reserve for debt service, bond redemption premiums, and potential for loan losses	**21,723,375**	**-**	**-**	**-**
Debt service reserve	**-**	**6,646,950**	**-**	**-**
Total	**$ 51,283,615**	**$ 6,646,950**	**$ 3,068,178**	**$ 611,416**

	2014			
	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Multifamily Risk Sharing Bonds
Capital reserve for debt service	$ 40,793,364	$ -	$ 3,068,178	$ 611,416
Mortgage reserve for debt service, bond redemption premiums, and potential for loan losses	27,230,107	-	-	-
Debt service reserve	-	8,036,100	-	-
Total	$ 68,023,471	$ 8,036,100	$ 3,068,178	$ 611,416

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Credit Risk: It is the investment policy of the Authority to invest in securities limited to direct general obligations of the United States Government, United States Government Agencies, direct and general obligations of any state within the United States, mutual funds invested in securities mentioned above and investment agreements secured by securities mentioned above. If securities are downgraded after purchase, the Authority will analyze the reason for downgrade and determine what, if any, action is needed. Investments issued by or explicitly guaranteed by the United States Government are not considered to have a credit risk. The investments are grouped as rated by Moody's Investors Service:

Moody's Rating	**2015**	2014
Aaa	**$ 482,494,400**	$ 490,230,732
Aa	**536,660**	954,712
Unrated	**10,553,984**	10,888,002
Total	**$ 493,585,044**	$ 502,073,446

Concentration of Credit Risk: The Authority will minimize Concentration Credit Risk by diversifying the investment portfolio and reducing the impact of potential losses from any one type of security or issuer. At June 30, 2015, the Authority held 5% or more of their investments with the following issuers: Federal Home Loan Bank (13.78%), Federal National Mortgage Association (23.76%), and Federal Home Loan Mortgage Corporation (6.67%). At June 30, 2014, the following issuers held 5% or more of the Authority's investments: Federal Home Loan Bank (13.94%), Federal National Mortgage Association (22.60%), and Federal Home Loan Mortgage Corporation (11.10%).

Note 4 - Mortgage Loans Receivable:

Mortgage loans receivable at June 30 consist of the following:

	2015	2014
Homeownership Mortgage Loans	**$ 464,500,837**	$ 572,917,826
Single Family Mortgage Loans	**192,853,642**	234,568,006
Multiple Purpose Loans	**26,430,276**	28,718,365
Other (General Operating Account)	**81,031,560**	79,698,836
Total	**$ 764,816,315**	$ 915,903,033

The above loans are substantially insured by FHA or private mortgage insurance companies, or guaranteed in part by the VA or USDA Rural Development. Losses on mortgage loans in the Homeownership Mortgage Bond Program are also secured by an insurance reserve fund established under the bond resolution. The mortgage loans receivable are reflected net of an allowance for loan loss of $1,715,691 and $2,499,603 as of June 30, 2015 and 2014, respectively.

Included in the mortgage loan receivable balance is real estate owned by the Authority from foreclosures. The amount of real estate owned at June 30, 2015 and 2014 is $1,410,817 and $2,913,758, respectively.

Note 5 - Line of Credit Receivable:

Effective November 1, 2014, the Authority has entered into a $40 million line of credit with its master servicer. The master servicer will use the line of credit to reimburse themselves for qualified mortgage loan purchases. The Authority receives first security position on the qualified mortgage loans being purchased as collateral. Unpaid balances on the line of credit bear interest prior to repayment at a rate per annum of equal to that of the qualified mortgage loans purchased with funds advanced to master servicer, less an amount to the master servicer for securitizing and servicing the qualified mortgage loans. The line of credit expires on December 31, 2016. As of June 30, 2015, the balance of this line of credit receivable was $32,141,991.

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Note 6 - Bonds Payable:

Homeownership Mortgage Bonds require annual principal payments on May 1 of each year. Homeownership Mortgage bonds outstanding at June 30 are (in thousands):

			2015			2014
Bond Issue	**Maturity Date**	**Interest Rate**	**Serial**	**Term (1)**	**Total Outstanding**	Total Outstanding
2003 Series C-1	2032	0.13%	$ -	$ -	**$ -**	$ 26,500
2003 Series C-2	2032	0.13%	-	-	**-**	26,400
2004 Series D	2032	.06%(2)	-	-	**-**	11,890
2005 Series A	2015-2018	4.0% - 4.2%	-	-	**-**	5,295
2005 Series C	2035	0.07% (2)	-	-	**-**	41,000
2005 Series D	2031	.06%(2)	-	-	**-**	6,925
2005 Series E	2015-2018	3.9% - 4.1%	-	-	**-**	9,725
2005 Series F	2027	4.60%	-	-	**-**	14,760
2005 Series G	2035	0.08% (2)	-	-	**-**	25,000
2005 Series K	2025	4.90%	-	2,155	**2,155**	8,890
2006 Series A	2016-2019	4.3% - 4.5%	10,505	-	**10,505**	14,065
2006 Series B	2019-2026	4.90%	-	9,785	**9,785**	13,795
2006 Series C	2031-2037	.07%(2)	-	45,000	**45,000**	45,000
2006 Series D	2016-2019	3.85% - 4.0%	9,690	-	**9,690**	12,635
2006 Series E	2026-2036	4.5% - 5.75%	-	-	**-**	12,065
2007 Series A	2015-2019	4.0% - 4.2%	8,890	-	**8,890**	10,310
2007 Series B	2032-2036	5.50%	-	50	**50**	10,160
2007 Series D	2016-2018	4.2% - 4.35%	5,840	-	**5,840**	8,955
2007 Series E	2027-2036	5.75%	-	465	**465**	3,430
2007 Series G	2016-2018	4.0% - 4.2%	5,045	-	**5,045**	7,570
2007 Series H	2018-2037	4.95% - 5.5%	-	16,460	**16,460**	21,115
2007 Series I	2026-2038	.07%(2)	-	34,000	**34,000**	34,000
2008 Series A	2016-2018	4.0% - 4.375%	6,550	-	**6,550**	7,255
2008 Series B	2018-2027	5.45% - 5.75%	-	1,865	**1,865**	2,195
2008 Series C	2028-2039	.10%(2)	-	50,000	**50,000**	50,000
2008 Series D	2016-2019	4.05% - 4.45%	7,740	-	**7,740**	10,050
2008 Series E	2019-2038	5.375% - 6.0%	-	6,140	**6,140**	9,445
2008 Series F	2027-2039	.07%(2)	-	34,000	**34,000**	34,000
2008 Series G	2018-2035	5.85% - 6.25%	-	2,540	**2,540**	2,540
2009 Series A	2015-2039	.06%(2)	-	40,910	**40,910**	42,285
2009 Series B	2016-2024	3.1%-4.5%	19,025	1,240	**20,265**	27,235
2009 Series C	2027-2039	.07%(2)	-	22,000	**22,000**	22,000
2012 Series A	2015-2031	1.6%-4.5%	5,465	10,345	**15,810**	19,710
2012 Series B	2018-2026	1.85%-3.25%	10,745	8,235	**18,980**	18,980
2012 Series C	2031-2033	3.75%	-	1,660	**1,660**	3,515
2012 Series D	2015-2029	1.0%-4.0%	16,265	12,215	**28,480**	33,285
2012 Series E	2022-2025	2.80%	-	9,355	**9,355**	9,355
2012 Series F	2029-2037	3.375%-3.7%	-	17,805	**17,805**	20,155
2013 Series A	2015-2030	.85%-3.0%	4,200	6,890	**11,090**	13,000
2013 Series B	2019-2025	1.65%-3.0%	7,940	-	**7,940**	7,940
2013 Series C	2033-2043	3.55%-3.8%	-	7,465	**7,465**	7,905
2013 Series D	2043	3.25%-4.0%	-	56,876	**56,876**	63,682
2013 Series E	2015-2044	.65%-4.0%	5,565	11,130	**16,695**	19,810
2013 Series F	2020-2044	2.45%-4.4%	7,845	16,345	**24,190**	26,810
2014 Series A	2015-2044	.30%-4.0%	6,675	13,025	**19,700**	24,745
2014 Series B	2020-2024	2.2%-3.25%	7,750	-	**7,750**	7,750
2014 Series C	2024-2030	3.25%-3.9%	3,450	10,435	**13,885**	14,000
2014 Series D	2015-2029	.20%-3.25%	32,430	16,675	**49,105**	-
2014 Series E	2030-2044	4.00%	-	19,160	**19,160**	-
2014 Series F	2015-2034	.70%-4.0%	17,425	18,290	**35,715**	-
2015 Series A	2024-2031	2.5%-3.4%	4,540	13,765	**18,305**	-
2015 Series B	2015-2024	.65%-3.272%	38,405	-	**38,405**	-
2015 Series C	2045	0.13%(2)	-	30,000	**30,000**	-
Plus unamortized premium					**9,440**	9,204
Total Homeownership Mortgage Program Bonds					**$ 797,706**	$ 876,336

(1) Term bonds are subject to mandatory redemption from mandatory sinking fund installments.

(2) Variable rate adjusted weekly based on the current market rate for similar tax exempt bonds.

(continued on next page)

The Authority issues certain series of bonds as variable rate interest debt in order to reduce its overall cost of funds and further its objective of providing affordable mortgage rates for homebuyers in the State. The Authority's variable rate bonds are currently subject to optional tender on a weekly basis. Through standby bond purchase agreements, certain financial institutions (the Liquidity Providers) have agreed to purchase such variable rate bonds that have been tendered and cannot be remarketed. Variable rate bonds purchased by a Liquidity Provider bear interest at various special negotiated interest rates and have accelerated principal payments over various special negotiated interest rates and various terms of years, as set forth in each such agreement.

Single Family Mortgage Bonds require annual principal payments on May 1 of each year. Single Family Mortgage Bonds outstanding at June 30 are (in thousands):

			2015			2014
Bond Issue	**Maturity Date**	**Interest Rate**	**Serial**	**Term (1)**	**Total Outstanding**	Total Outstanding
2010-1/2009-1A	2028-2041	3.425% - 4.24%	$ -	$ 54,860	**$ 54,860**	$ 66,960
2010-2/2009 1-B	2015-2041	2.0%-4.5%	10,360	34,020	**44,380**	52,275
2011-1/20091-C	2015-2041	1.9%-5.0%	10,020	40,430	**50,450**	59,000
2011-2/20091-D	2015-2041	1.50%-4.25%	19,770	52,105	**71,875**	83,160
Plus unamortized premium					**1,134**	1,408
Total Single Family Mortgage Bonds					**$ 222,699**	$ 262,803

(1) Term bonds are subject to mandatory redemption from mandatory sinking fund installments.

Multiple Purpose Bonds require annual principal payments on November 1 of each year. Multiple Purpose Bonds outstanding at June 30 are (in thousands):

			2015			2014
Bond Issue	**Maturity Date**	**Interest Rate**	**Serial**	**Term (1)**	**Total Outstanding**	Total Outstanding
2008 Series A	2048	0.16%(2)	$ -	$ 6,885	**$ 6,885**	$ 6,980
2009 Series A	2048	0.15%(2)	-	6,385	**6,385**	6,445
2013 Series A	2015-2028	.90%-3.65%	8,010	1,930	**9,940**	15,560
Total Multiple Purpose Bonds					**$ 23,210**	$ 28,985

(1) Term bonds are subject to mandatory redemption from mandatory sinking fund installments.

(2) Variable rate adjusted weekly based on the current market rate for similar tax exempt bonds.

Multifamily Housing Revenue Bonds require annual principal payments on April 1 of each year. Multifamily Housing Revenue Bonds outstanding at June 30 are (in thousands):

			2015			2014
Bond Issue	**Maturity Date**	**Interest Rate**	**Serial**	**Term (1)**	**Total Outstanding**	Total Outstanding
Series 2001	2031	0.08%(2)	$ -	$ 6,495	**$ 6,495**	$ 6,495
Series 2001	2034	0.10%(2)	-	13,000	**13,000**	13,000
Series 2002 A	2015-2033	5.25%-5.35%	-	2,045	**2,045**	2,105
Series 2004 A	2015-2033	6.15%	-	2,642	**2,642**	2,718
Country Meadow	2044	.09%(2)	-	4,920	**4,920**	4,920
Total Multifamily Housing Revenue Bonds					**$ 29,102**	$ 29,238

(1) Term bonds are subject to mandatory redemption from mandatory sinking fund installments.

(2) Variable rate adjusted weekly based on the current market rate for similar tax exempt bonds.

Multifamily Mortgage Pass-Through Bonds require monthly principal payments. Multifamily Mortgage Pass-Through Bonds outstanding at June 30 are (in thousands):

			2015			2014
Bond Issue	**Maturity Date**	**Interest Rate**	**Serial**	**Term**	**Total Outstanding**	Total Outstanding
Series 1999-2	2015	6.0%	$ -	$ -	**$ -**	$ 1,124

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Multifamily Risk Sharing Bonds require annual principal payments on July 1. Multifamily Risk Sharing Bonds outstanding at June 30 are (in thousands):

			2015			2014
Bond Issue	**Maturity Date**	**Interest Rate**	**Serial**	**Term (1)**	**Total Outstanding**	Total Outstanding
Series 1999	2015-2040	5.75% - 5.8%	$ -	$ 2,770	**$ 2,770**	$ 2,815
Series 2000	2016-2032	5.85%	-	2,625	**2,625**	2,705
Series 2001	2016-2043	5.35%	-	6,970	**6,970**	7,060
Total Multifamily Risk Sharing Bonds					**$ 12,365**	$ 12,580
Total Bonds Outstanding					**$ 1,085,082**	$ 1,211,066

(1) Term bonds are subject to mandatory redemption from mandatory sinking fund installments.

Following are the schedules of changes in bonds payable for the fiscal years ended June 30, 2015 and 2014:

	Balance July 1, 2014	**Additions**	**Deductions**	**Balance June 30, 2015**	**Amounts Due Within One Year**
Homeownership Mortgage Program Bonds	**$ 867,132,117**	**$ 197,270,000**	**$ 276,135,788**	**$ 788,266,329**	**$ 27,070,000**
Single Family Mortgage Bonds	**261,395,000**	**-**	**39,830,000**	**221,565,000**	**4,515,000**
Multiple Purpose Bonds	**28,985,000**	**-**	**5,775,000**	**23,210,000**	**1,560,000**
Multifamily Housing Revenue Bonds	**29,237,476**	**-**	**135,145**	**29,102,331**	**144,838**
Multifamily Mortgage Pass-Through Bonds	**1,124,094**	**-**	**1,124,094**	**-**	**-**
Multifamily Risk Sharing Bonds	**12,580,000**	**-**	**215,000**	**12,365,000**	**230,000**
Unamortized Premium/Discount	**10,612,360**	**2,795,948**	**2,835,148**	**10,573,160**	**-**
	$ 1,211,066,047	**$ 200,065,948**	**$ 326,050,175**	**$ 1,085,081,820**	**$ 33,519,838**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Amounts Due Within One Year
Homeownership Mortgage Program Bonds	$ 1,034,702,566	$ 95,845,000	$ 263,415,449	$ 867,132,117	$ 22,685,000
Single Family Mortgage Bonds	304,960,000	-	43,565,000	261,395,000	2,985,000
Multiple Purpose Bonds	31,060,000	-	2,075,000	28,985,000	2,095,000
Multifamily Housing Revenue Bonds	29,363,205	1,071	126,799	29,237,476	135,145
Multifamily Mortgage Pass-Through Bonds	4,816,227	-	3,692,133	1,124,094	1,124,094
Multifamily Risk Sharing Bonds	12,785,000	-	205,000	12,580,000	215,000
Unamortized Premium/Discount	11,516,050	2,452,066	3,355,756	10,612,360	-
	$ 1,429,203,048	$ 98,298,137	$ 316,435,137	$ 1,211,066,047	$ 29,239,239

The assets and revenues of the above indentures are pledged as collateral for the payment of principal and interest on their respective bonds. Required principal and interest payments are as follows:

Year Ended	**Homeownership Mortgage Program Bonds**		**Single Family Mortgage Bonds**		**Multiple Purpose Bonds**	
June 30	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2016	$ 27,070,000	$ 25,316,225	$ 4,515,000	$ 7,692,093	$ 1,560,000	$ 438,836
2017	39,900,000	24,486,421	6,170,000	7,565,532	1,585,000	420,413
2018	37,905,000	23,490,470	6,355,000	7,395,372	1,605,000	397,752
2019	37,670,000	22,398,826	6,550,000	7,197,706	1,635,000	370,325
2020	28,045,000	21,299,958	6,780,000	7,005,073	1,675,000	337,651
2021-2025	129,310,000	94,444,891	32,065,000	31,373,656	3,410,000	1,270,215
2026-2030	134,425,000	73,923,693	34,200,000	25,346,467	1,945,000	1,050,757
2031-2035	157,520,000	46,083,644	48,000,000	17,690,355	1,855,000	822,052
2036-2040	97,900,000	20,544,942	59,730,000	8,526,714	2,395,000	617,759
2041-2045	68,521,328	7,767,530	17,200,000	562,910	3,075,000	364,573
2046-2049	30,000,000	-	-	-	2,470,000	72,925
Total	$ 788,266,328	$ 359,756,600	$ 221,565,000	$ 120,355,878	$ 23,210,000	$ 6,163,258

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Year Ended June 30	Multifamily Housing Revenue Bonds Principal	Interest	Multifamily Risk Sharing Bonds Principal	Interest
2016	$ 144,838	$ 292,272	$ 230,000	$ 685,125
2017	149,823	283,772	240,000	672,195
2018	160,120	274,961	260,000	658,561
2019	170,748	265,527	275,000	643,812
2020	181,726	255,509	290,000	628,360
2021-2025	1,082,233	1,104,153	1,750,000	2,873,620
2026-2030	1,433,801	745,121	2,370,000	2,312,684
2031-2035	20,859,042	249,431	2,535,000	1,576,318
2036-2040	-	22,140	2,620,000	908,550
2041-2045	4,920,000	15,867	1,795,000	192,637
	$ 29,102,331	$ 3,508,753	$ 12,365,000	$ 11,151,862

Note 7 - Refunding of Debt:

In November 2013, the Authority issued $49,350,000 of fixed rate Homeownership Mortgage Bonds, 2013 Series E and 2013 Series F. The 2013 Series E Bonds, totaling $22,335,000, along with premium generated from the bond sale, were used to refund approximately $23,300,000 of Homeownership Mortgage Bonds, 2004 Series C (the Refunded Bonds). The purpose of the refunding was to reduce the Authority's borrowing cost on debt that was optionally redeemable at par, which decreased the total debt service payments by approximately $3.2 million. Assuming a mortgage prepayment speed of 100% FHA, the difference between the present value of the cash flow required for debt service of the 2013 Series E Bonds and the Refunded Bonds, net of cost of issuance, negative arbitrage and the 2004 Series C swap termination fee, will result in an economic gain of approximately $1.5 million.

In May 2014, the Authority issued $46,495,000 of fixed rate Homeownership Mortgage Bonds, 2014 Series A, 2014 Series B and 2014 Series C. The 2014 Series A and 2014 Series B Bonds (the 2014 AB Bonds), totaling $32,495,000, along with premium generated from the bond sale, were used to refund approximately $33,650,000 of Homeownership Mortgage Bonds, 2004 Series E and 2004 Series G (the Refunded Bonds). The purpose of the refunding was to reduce the Authority's borrowing cost on debt that was optionally redeemable at par, which decreased total debt service payments by approximately $10.7 million. Assuming a mortgage prepayment speed of 100% FHA, the difference between the present value of the cash flow required for debt service of the 2014 AB Bonds and the Refunded Bonds, net of cost of issuance and negative arbitrage, will result in an economic gain of approximately $3.9 million.

In November 2014, the Authority issued $71,545,000 of fixed rate Homeownership Mortgage Bonds, 2014 Series D and 2014 Series E. The 2014 Series D Bonds, totaling $51,545,000 were used to refund $51,545,000 of Homeownership Mortgage Bonds, 2003 Series C-1 and 2003 Series C-2 (the Refunded Bonds). The purpose of the refunding was to transfer excess yield from the Refunded Bonds to the 2014 Series D Bonds and to replace variable rate debt with fixed rate debt, which would have increased total debt service payments by approximately $3.7 million assuming the variable rate on the refunded bonds would have remained at 0.14% and 0.10%, respectively, the same rates as the rates on the refunding date. Assuming a mortgage prepayment speed of 100% FHA, the difference between the present value of the cash flow required for debt service of the 2014 Series D Bonds and the Refunded Bonds, including cost of issuance and negative arbitrage, will result in an economic loss of approximately $9.2 million.

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In November 2014, the Authority issued $39,015,000 of fixed rate Homeownership Mortgage Bonds, 2014 Series F. The 2014 Series F Bonds, totaling $39,015,000 along with premium generated from the bond sale, were used to refund $39,740,000 of Homeownership Mortgage Bonds, 2005 Series C (the Refunded Bonds). The purpose of the refunding was to reduce the Authority's borrowing cost on debt that was optionally redeemable at par, which decreased total debt service payments by approximately $13.1 million. Assuming a mortgage prepayment speed of 100% FHA, the difference between the present value of the cash flow required for debt service of the 2014 Series F Bonds and the Refunded Bonds, net of cost of issuance and negative arbitrage, will result in an economic gain of approximately $4.9 million.

In May 2015, the Authority issued $18,305,000 of fixed rate Homeownership Mortgage Bonds, 2015 Series A. The 2015 Series A Bonds were used to refund $18,305,000 of Homeownership Mortgage Bonds, 2004 Series D and 2005 Series D (the Refunded Bonds). The purpose of the refunding was to transfer excess yield from the Refunded Bonds to the 2015 Series A Bonds and to replace variable rate debt with fixed rate debt, which would have increased total debt service payments by approximately $5.5 million assuming the variable rate on the refunded bonds would have remained at 0.10% and 0.10% respectively, the same rates as the rates on the refunding date. Assuming a mortgage prepayment speed of 100% FHA, the difference between the present value of the cash flow required for the debt service of the 2015 Series A and the Refunded Bonds, including cost of issuance and negative arbitrage, will result in an economic loss of approximately $4.6 million.

In May 2015, the Authority issued $38,405,000 of fixed rate Homeownership Mortgage Bonds, 2015 Series B. The 2015 Series B Bonds, totaling $38,405,000 were used to refund $38,405,000 of Homeownership Mortgage Bonds, 2005 Series E, 2005 Series F and 2005 Series G (the Refunded Bonds). The purpose of the refunding was to reduce the Authority's borrowing cost on debt that was optionally redeemable at par, which decreased total debt service payments by approximately $14.8 million. Assuming a mortgage prepayment speed of 100% FHA, the difference between the present value of the cash flow required for debt service of the 2015 Series B Bonds and the Refunded Bonds, net of cost of issuance and negative arbitrage, will result in an economic gain of approximately $4.6 million.

Note 8 - Hedging Derivatives:

Interest Rate Swaps

Swap Objectives:

The Authority has entered into interest rate swap agreements in connection with issuing variable rate mortgage revenue bonds. The intentions of the swaps are to create synthetic fixed rate debt at a lower interest rate than achievable from long-term fixed rate bonds and to achieve the Authority's goal of lending to low- and moderate-income first-time home buyers at below market fixed interest rates.

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Swap Terms:

The terms, including the fair values and counterparty credit ratings of the outstanding swaps as of June 30, 2015 and 2014, are contained in the table below. The initial notional amounts of the swaps match the initial principal amounts of the associated debt. Current notional amounts may or may not match the current principal outstanding on the debt, which could result in unhedged variable rate debt or making interest payments on debt no longer outstanding (see amortization risk). The Authority has purchased the right to terminate the outstanding swap balances at par value on dates that are generally ten years after the date of issuance of the related bonds.

Bond Series	Current Notional Amount	Effective/ Termination Date	Fixed Rate	Variable Rate Receivable	Counterparty Credit Rating*	**Fair Value June 30, 2015**	**Increase (Decrease) in Fair Value for the Fiscal Year Ended June 30, 2015**	Fair Value June 30, 2014	Increase (Decrease) in Fair Value for the Fiscal Year Ended June 30, 2014
Merrill Lynch Capital Services									
2005 D	-	4/13/2005 5/1/2015	3.29%	57.3% of LIBOR plus 0.40%	Baa2	**$ -**	**$ 192,686**	$ (192,686)	$ 176,594
2007 I	34,000,000	10/16/2007 5/1/2038	4.14%	63.8% of LIBOR plus 0.30%	Baa1	**(2,706,729)**	**834,240**	(3,540,969)	484,289
JPMorgan Chase Bank, N.A.									
2004 G	-	10/20/2004 5/1/2034	3.90%	63.4% of LIBOR plus 0.29%	Aa3	**-**	**584,211**	(584,211)	990,516
2005 C	-	4/13/2005 5/1/2035	3.93%	63.3% of LIBOR plus 0.30%	Aa3	**-**	**1,438,191**	(1,438,191)	1,087,348
2008 F	34,000,000	9/4/2008 5/1/2039	3.85%	63.7% of LIBOR plus 0.31%	Aa3	**(3,006,399)**	**470,361**	(3,476,760)	208,263
The Bank of New York, Mellon, N.A. (Novated from UBS on 7/22/2010)									
2003 I	-	6/21/2005 5/1/2034	3.76%	63.8% of LIBOR plus 0.29%	Aa1	**-**	**-**	-	461,621
2004 C	-	6/21/2005 5/1/2034	3.75%	63.8% of LIBOR plus 0.29%	Aa1	**-**	**-**	-	1,044,571
Bank of America, N.A.									
2009 C	22,000,000	11/18/2009 5/1/2039	3.14%	64% of LIBOR plus 0.22%	A1	**(1,432,546)**	**(34,184)**	(1,398,362)	(94,072)
Merrill Lynch Derivative Products, AG									
2005 G	25,000,000	8/31/2005 5/1/2035	3.77%	63.8% of LIBOR plus 0.29%	Aa3	**(420,088)**	**779,766**	(1,199,854)	412,591
2006 C	45,000,000	6/14/2006 5/1/2037	4.42%	64% of LIBOR plus 0.29%	Aa3	**(1,769,686)**	**1,675,258**	(3,444,944)	1,222,045
2008 C	36,900,000	4/23/2008 5/1/2039	3.24%	63.7% of LIBOR plus 0.30%	Aa3	**(2,121,917)**	**384,993**	(2,506,910)	161,136
MPB 2008 A	6,885,000	8/2/2008 5/1/2048	3.55%	63.8% of LIBOR plus 0.20%	Aa3	**(527,100)**	**83,684**	(610,784)	35,028
	$ 203,785,000					**$ (11,984,465)**		$ (18,393,671)	

**Moody's Investor Service*

Fair Value:

The valuation was determined by calculating the difference between the present values of each fixed cash flow to be paid and each floating cash flow to be received by the Authority based upon the current market yield curve. The present value factors for each cash flow are based on the implied zero coupon yield curve determined by current market rates. Additionally, the values of the call options are determined by calculating the present value of each predicted option outcome, whose interest rate prediction variance is determined by current market implied volatility. Together these calculations determine the current fair value of the Authority's swap contracts. The fair values in the table above represent the termination payments that would have been due had the swaps been terminated as of June 30, 2015 and 2014. A positive fair value represents money due the Authority by the counterparty upon termination of the swap, while a negative fair value represents money payable by the Authority.

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Swap Risks:

Credit Risk: The terms of the swaps expose the Authority to potential credit risk with the counterparty upon the occurrence of a termination event. The fair value of a swap represents the Authority's current credit exposure to the counterparty with which the swaps were executed. The Authority has credit risk exposure with its counterparties when the swap position has a positive value. Several of the swap agreements require that, upon demand, a party post collateral to secure its obligation to make a termination payment to the extent the fair value exceeds a collateral threshold specified in the agreement. The collateral thresholds are based on the prevailing ratings, as determined by Moody's and S&P, of each counterparty, in the case of the counterparties, or the hedged bonds, in the case of the Authority. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2015 and 2014, neither the Authority nor any counterparty had been required to post collateral.

Basis Risk: The Authority incurs the potential risk that the variable interest payments on its bonds will not equal the variable interest receipts from its swaps. This basis risk exists because the Authority pays the actual variable rate on its bonds, but under the terms of its swaps receives a variable rate based upon the one month taxable London Interbank Offered Rate (LIBOR) rate. Basis risk will vary over time due to inter-market conditions. For the years ended June 30, 2015 and 2014, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.30% and 1.42% per annum, respectively, while the weighted average interest rate on the swaps was 1.39% and 1.48% per annum, respectively. In order to reduce the cumulative effects of basis risk, the variable rate determination structure for interest receipts within the swap is based upon a regression analysis of the long-term relationship between variable tax exempt rates and the one month taxable LIBOR rate.

Termination Risk: The Authority's swap contracts are based upon the International Swap Dealers Association Master Agreement, which includes standard termination events. The swap contracts may be terminated by either party if the other party fails to perform under the terms of the contract. Upon termination, a payment is due to one party irrespective of causality based upon the fair value of the swap. The potential termination risks to the Authority are the liability for a termination payment to the counterparty or the inability to replace the swap under favorable financial terms. To reduce the Authority's termination risk, the swap contracts limit the counterparty's ability to terminate due to the following Authority actions or events: payment default, other defaults that remain uncured for 30 days after notice, bankruptcy and insolvency.

Amortization Risk: The Authority may incur amortization risk because prepayments from the mortgage loan portfolio may cause the outstanding amount of variable rate bonds to decline faster than the amortization of the swap. To ameliorate amortization risk, call options were structured within the swaps to enable the Authority to manage the outstanding balances of variable rate bonds and notional swap amounts. Additionally, the Authority may terminate the swaps at market value at any time.

Tax Risk: The structure of the variable interest rate payments the Authority receives from its swap contracts are based upon the historical long-term relationship between taxable and tax exempt short-term interest rates. Tax risk represents a risk that may arise due to a change in the tax code that may fundamentally alter this relationship. The Authority has chosen to assume this risk because it was not economically feasible to transfer to the swap counterparty.

Concentration Risk: The total outstanding notional amount of swaps with a single counterparty will not exceed $150,000,000.

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Swap Payments and Associated Debt: As rates vary, variable-rate bond interest payments and net swap payments will vary. Debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows using rates as of June 30, 2015:

Year Ended June 30	Variable Rate Bond Principal	Variable Rate Bond Interest	Interest Rate Swap - Net	Total
2016	$ 100,000	$ 176,172	$ 7,021,952	$ 7,298,124
2017	100,000	176,012	6,960,659	7,236,671
2018	105,000	175,852	6,943,289	7,224,141
2019	110,000	175,680	6,939,816	7,225,496
2020	120,000	175,500	6,936,181	7,231,681
2021-2025	665,000	874,484	34,620,004	36,159,488
2026-2030	27,520,000	843,113	33,516,735	61,879,848
2031-2035	110,930,000	585,130	23,367,198	134,882,328
2036-2040	74,615,000	151,921	5,297,674	80,064,595
2041-2045	1,535,000	19,136	386,401	1,940,537
2046-2049	1,085,000	5,180	104,597	1,194,777
	$ 216,885,000	$ 3,358,180	$ 132,094,506	$ 352,337,686

Rollover Risk: Rollover risk is the risk that a swap associated with a bond issue does not extend to the maturity of that debt. When the swap terminates, the associated debt will no longer have the benefit of the swap. The Authority did not have any rollover risk as of June 30, 2015.

Mortgage-Backed Security (MBS) Forward Contracts

The Authority has entered into forward contracts to hedge the interest rate risk of delivering MBS securities guaranteed by Ginnie Mae and Fannie Mae in the future, before the securities are ready for delivery (referred to as "to-be-announced" or TBA Mortgage-Backed Securities). These securities represent pools of qualified mortgage loans originated by Authority approved lenders. The forward contracts offset the financial impact to the Authority of changes in interest rates between the time of loan reservations made to originating mortgage lenders and the securitization and sale of such loans as Ginnie Mae or Fannie Mae securities. The forward contracts are considered derivative instruments and the fair values were obtained from an external pricing specialist which used acceptable methods and assumptions in accordance with GASB requirements, subject to review and approval by the Authority. A positive fair value represents money due the Authority by the counterparty, while a negative fair value represents money payable by the Authority.

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Outstanding forward sales contracts as of June 30, 2015 are as follows:

Forward Contracts to sell TBA Mortgage-Backed Securities	Notional Amount June 30, 2015	Trade Date	Delivery Date	Coupon Rate	Fair Values June 30, 2015	Moody's Credit Rating
Bank of America Merrill Lynch						
GNMA II	**$ 1,000,000**	5/1/2015	7/20/2015	3.50%	**$ 8,516**	Not rated
GNMA II	**1,000,000**	5/8/2015	7/20/2015	3.50%	**11,016**	Not rated
GNMA II	**1,000,000**	5/13/2015	7/20/2015	3.50%	**3,125**	Not rated
GNMA II	**1,000,000**	5/18/2015	7/20/2015	3.50%	**6,094**	Not rated
GNMA II	**2,000,000**	6/15/2015	7/20/2015	3.00%	**(9,688)**	Not rated
FNMA	**1,000,000**	6/9/2015	8/13/2015	3.50%	**(4,531)**	Aaa
GNMA II	**1,000,000**	5/22/2015	8/20/2015	3.50%	**5,039**	Not rated
GNMA II	**1,000,000**	6/12/2015	8/20/2015	3.50%	**(4,063)**	Not rated
GNMA II	**1,000,000**	6/8/2015	8/20/2015	3.50%	**(3,281)**	Not rated
GNMA II	**1,000,000**	6/15/2015	8/20/2015	3.50%	**(4,063)**	Not rated
FNMA	**1,000,000**	6/15/2015	9/14/2015	4.00%	**(1,563)**	Aaa
FNMA	**1,000,000**	6/22/2015	9/14/2015	3.50%	**1,719**	Aaa
GNMA II	**1,000,000**	6/24/2015	9/21/2015	4.00%	**(2,656)**	Not rated
Bank of New York Mellon						
FNMA	**1,000,000**	5/11/2015	7/14/2015	3.50%	**6,875**	Aaa
GNMA II	**2,164,500**	6/15/2015	7/20/2015	3.50%	**(7,440)**	Not rated
FNMA	**1,000,000**	5/14/2015	8/13/2015	3.50%	**5,781**	Aaa
FNMA	**1,000,000**	5/15/2015	8/13/2015	3.00%	**13,281**	Aaa
FNMA	**500,000**	5/29/2015	8/13/2015	4.00%	**3,359**	Aaa
FNMA	**500,000**	6/8/2015	8/13/2015	4.00%	**(1,094)**	Aaa
GNMA II	**1,000,000**	5/20/2015	8/20/2015	3.00%	**3,906**	Not rated
GNMA II	**500,000**	6/1/2015	8/20/2015	3.00%	**4,297**	Not rated
GNMA II	**500,000**	6/1/2015	8/20/2015	3.50%	**3,594**	Not rated
GNMA II	**1,000,000**	6/11/2015	8/20/2015	4.00%	**(1,406)**	Not rated
FNMA	**500,000**	6/15/2015	9/14/2015	3.50%	**(781)**	Aaa
GNMA II	**1,000,000**	6/23/2015	9/21/2015	3.50%	**(2,969)**	Not rated
Piper Jaffray						
GNMA II	**3,893,000**	6/15/2015	7/20/2015	3.00%	**(20,073)**	Not rated
GNMA II	**1,000,000**	6/9/2015	8/20/2015	4.00%	**(2,188)**	Not rated
Simmons First						
GNMA II	**2,000,000**	4/24/2015	7/20/2015	3.00%	**34,688**	Not rated
GNMA II	**1,000,000**	5/22/2015	8/20/2015	3.00%	**5,781**	Not rated
GNMA II	**1,000,000**	6/17/2015	9/21/2015	3.50%	**(3,750)**	Not rated
GNMA II	**1,000,000**	6/17/2015	9/21/2015	4.00%	**(4,140)**	Not rated
	$ 34,557,500				**$ 43,385**	

(continued on next page)

Outstanding forward sales contracts as of June 30, 2014 are as follows:

Forward Contracts to sell TBA Mortgage-Backed Securities	Notional Amount June 30, 2014	Trade Date	Delivery Date	Coupon Rate	Fair Values June 30, 2014	Moody's Credit Rating
Mizuho						
FNMA	$ 454,450	6/9/2014	7/14/2014	4.50%	$ (2,769)	Aaa
GNMA II	700,000	5/7/2014	7/21/2014	3.50%	(8,641)	Not rated
Bank of New York Mellon						
FNMA	500,000	5/8/2014	7/14/2014	3.50%	(5,156)	Aaa
FNMA	21,600	6/9/2014	7/14/2014	3.50%	(181)	Aaa
FNMA	1,144,600	6/9/2014	7/14/2014	4.00%	(9,121)	Aaa
FNMA	500,000	4/16/2014	7/14/2014	4.00%	(11,563)	Aaa
FNMA	500,000	5/7/2014	7/14/2014	4.00%	(6,797)	Aaa
FNMA	500,000	4/25/2014	7/14/2014	4.50%	(8,672)	Aaa
GNMA II	600,000	4/24/2014	7/21/2014	3.50%	(13,875)	Not rated
GNMA II	600,000	5/12/2014	7/21/2014	3.50%	(9,656)	Not rated
GNMA II	2,000,000	6/13/2014	7/21/2014	3.50%	(19,688)	Not rated
GNMA II	500,000	5/2/2014	7/21/2014	4.00%	(8,203)	Not rated
GNMA II	500,000	5/8/2014	7/21/2014	4.00%	(6,016)	Not rated
GNMA II	500,000	5/13/2014	7/21/2014	4.00%	(6,602)	Not rated
GNMA II	3,429,000	6/13/2014	7/21/2014	4.00%	(29,468)	Not rated
FNMA	500,000	5/21/2014	8/12/2014	3.50%	(3,828)	Aaa
FNMA	500,000	5/21/2014	8/12/2014	4.00%	(4,531)	Aaa
GNMA II	500,000	5/27/2014	8/21/2014	3.50%	(3,594)	Not rated
GNMA II	500,000	5/29/2014	8/21/2014	3.50%	(195)	Not rated
Piper Jaffray						
GNMA II	500,000	4/25/2014	7/21/2014	3.50%	(10,078)	Not rated
GNMA II	759,500	6/13/2014	7/21/2014	3.50%	(7,002)	Not rated
GNMA II	500,000	4/25/2014	7/21/2014	4.00%	(10,000)	Not rated
GNMA II	600,000	5/15/2014	7/21/2014	4.00%	(4,875)	Not rated
Simmons First						
GNMA II	700,000	5/15/2014	7/21/2014	3.50%	(5,004)	Not rated
GNMA II	600,000	4/23/2014	7/21/2014	4.00%	(13,500)	Not rated
GNMA II	600,000	5/7/2014	7/21/2014	4.00%	(7,570)	Not rated
	$ 18,709,150				$ (216,585)	

Net Position:

The State has pledged to and agreed with Bondholders that it will not limit or alter the rights vested in the Authority to fulfill the terms of any agreements made with them, or in any way impair the rights and remedies of the Bondholders, until the bonds, together with the interest thereon and on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such Bondholders, are fully met and discharged. The net position of the indentures other than the General Operating Account are therefore restricted under the terms of the bond resolutions. The Authority may, however, subject to the provisions as defined in bond resolutions, transfer surplus earnings to the General Reserve Account in the General Operating Account. The Authority covenants that it will use money in the General Reserve Account only for the administration and financing of programs in accordance with the policy and purpose of the Act, including reserves for the payment of bonds and notes and of loans made from the proceeds thereof, and will accumulate and maintain therein such a balance of funds and investments as will be sufficient for that purpose.

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Sub Accounts of the General Operating Account, established as part of the General Reserve Account on the basis of specified guidelines, are restricted at June 30 as follows:

	2015	2014
Bond and notes reserve	$ 2,582,603	$ 2,893,780
Program operations reserve	3,718,481	4,631,898
Total	$ 6,301,084	$ 7,525,678

Note 9 - Commitments:

As of June 30, 2015, the Authority had the following Homeownership Mortgage Program commitments:

- Commitments to fund the Homeownership Mortgage Program aggregating $50,826,423.

Note 10 - Segment Information:

The Authority issues bonds to finance the purchase of single family homes and multifamily developments. The bond programs are accounted for in a single enterprise fund, but investors in those bonds rely on the revenue generated by the activities within the individual bond indentures. Summary financial information as of and for the year ended June 30, 2015 and 2014, for the Homeownership Mortgage Program Bonds, Single Family Mortgage Bonds and the Multiple Purpose Bonds follows:

	2015			2014		
	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds
Condensed Statement of Net Position						
Assets						
Interfund receivables (payables)	$ 9,218,405	$ 2,758,317	$ (98,886)	$ 10,223,153	$ 1,888,206	$ (85,937)
Current assets	172,020,422	30,764,140	8,257,563	170,163,660	30,474,664	7,319,223
Noncurrent assets	970,433,383	192,208,290	77,296,181	1,037,748,943	232,305,626	81,933,802
Total Assets	1,151,672,210	225,730,747	85,454,858	1,218,135,756	264,668,496	89,167,088
Deferred Outflow of Resources	11,734,603	-	975,102	18,750,882	-	1,149,405
Total Assets and Deferred Outflow of Resources	$ 1,163,406,813	$ 225,730,747	$ 86,429,960	$ 1,236,886,638	$ 264,668,496	$ 90,316,493
Liabilities						
Current liabilities	$ 30,998,414	$ 5,811,424	$ 1,634,002	$ 27,447,439	$ 4,544,348	$ 2,182,722
Noncurrent liabilities	782,093,066	218,183,787	22,177,100	870,930,946	259,818,069	27,500,784
Total Liabilities	813,091,480	223,995,211	23,811,102	898,378,385	264,362,417	29,683,506
Deferred Inflow of Resources	43,385	-	-	-	-	-
Total Liabilities and Deferred Inflow of Resources	813,134,865	223,995,211	23,811,102	898,378,385	264,362,417	29,683,506
Net Position						
Net investment in capital assets	-	-	(1,432,496)	-	-	(1,299,391)
Restricted by bond indentures	350,271,948	1,735,536	64,051,354	338,508,253	306,079	61,932,378
Total Liabilities, Deferred Inflows, and Net Position	$ 1,163,406,813	$ 225,730,747	$ 86,429,960	$ 1,236,886,638	$ 264,668,496	$ 90,316,493
Condensed Statement of Revenues, Expenses, and Changes in Net Position						
Operating revenues	$ 45,740,674	$ 9,809,560	$ 2,883,832	$ 52,733,207	$ 11,453,367	$ 3,186,444
Operating expenses	31,145,063	8,755,453	897,961	38,196,812	10,602,076	1,146,188
Operating income	14,595,611	1,054,107	1,985,871	14,536,395	851,291	2,040,256
Transfers in (out)	(2,831,916)	375,350	-	(2,645,178)	(1,000,000)	-
Change in net position	11,763,695	1,429,457	1,985,871	11,891,217	(148,709)	2,040,256
Beginning net position	338,508,253	306,079	60,632,987	326,617,036	454,788	58,592,731
Ending net position	$ 350,271,948	$ 1,735,536	$ 62,618,858	$ 338,508,253	$ 306,079	$ 60,632,987
Condensed Statement of Cash Flows						
Net cash provided (used) by:						
Operating activities	$ 24,520,795	$ 49,768,424	$ 3,914,170	$ 135,409,106	$ 51,042,768	$ 5,794,171
Noncapital financing activities	(110,991,085)	(48,178,388)	(6,233,142)	(207,410,083)	(54,522,394)	(2,662,483)
Capital and related financing activities	-	-	(67,890)	-	-	(64,723)
Investing activities	105,169,674	220	2,368,328	30,332,799	360,907	(3,599,465)
Net change	18,699,384	1,590,256	(18,534)	(41,668,178)	(3,118,719)	(532,500)
Beginning cash and cash equivalents	107,978,818	5,105,605	2,399,669	149,646,996	8,224,324	2,932,169
Ending cash and cash equivalents	$ 126,678,202	$ 6,695,861	$ 2,381,135	$ 107,978,818	$ 5,105,605	$ 2,399,669

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Note 11 - Pension Plan:

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at http://www.sdrs.sd.gov/publications/ or by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7% prior to 2008 and 1.55% thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4% for service prior to 2008 and 2.0% thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733% or service prior to 2008 and 3.333% thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percentage of the employee's final average salary.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary, Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The Authority's share of contributions to the SDRS, at 6% of salary for the fiscal years ending June 30, 2015, 2014 and 2013 were $177,849, $161,371 and $163,716, respectively, equal to the required contributions each year.

Pension Assets, Pension Revenue, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2014, SDRS is 107% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of SDRS, for the Authority as of June 30, 2015 are as follows:

Proportionate share of net position restricted for pension benefits	$ 16,314,259
Less proportionate share of total pension liability	15,206,204
Proportionate share of net pension asset	$ 1,108,055

The net pension asset was measured as of June 30, 2014 and the total pension liability used to calculate the net pension asset was determined by actuarial valuation as of that date. At June 30, 2015, the Authority reported an asset of $1,108,055 for its proportionate share of the net pension asset, which is included in other receivables on the Statement of Financial Position. The total pension asset used to calculate the net pension asset was based on a projection of the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2014, the Authority's proportion was 0.15379850%.

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For the year ended June 30, 2015, the Authority recognized pension revenue of $46,804. At June 30, 2015 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 93,756	$ -
Changes in assumption	723,305	-
Net difference between projected and actual earnings on pension plan investments	-	1,283,313
Changes in proportion and difference between Authority contributions and proportionate share of contributions	-	-
Authority contributions subsequent to the measurement date	177,849	-
Total	$ 994,910	$ 1,283,313

Deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date of $177,849 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue as follows:

Year Ended June 30:	
2016	$ (88,048)
2017	(88,048)
2018	(88,048)
2019	(202,108)
Total	$ (466,252)

Actuarial Assumptions:

The total pension asset in the SDRS June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	5.83% at entry to 3.87% after 30 years of service
Investment rate of return	7.25% through 2016 and 7.50% thereafter, net of pension plan investment expense

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the SDRS June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2010. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

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Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	61.0%	4.7%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.5%
Cash	2.0%	0.8%
Total	100.0%	

Discount Rate:

The discount rate used to measure the total pension asset was 7.25% through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all 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 asset.

Sensitivity of asset to changes in the discount rate:

The following presents the Authority's proportionate share of net pension asset calculated using the discount rate of 7.25% through 2016 and 7.50% thereafter, as well as what the Authority's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.25/6.50%) or one percentage point higher (8.25/8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net pension asset (liability)	$ (1,094,967)	$ 1,108,055	$ 2,904,850

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

Note 12 - Contingencies:

The Authority is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material adverse effect upon the financial position of the Authority.

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Note 13 - Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended June 30, 2015 and 2014, the Authority managed its risks as follows:

The Authority purchased, from a commercial carrier, health insurance for its employees; liability insurance for risks related to torts, theft or damage of property, errors and omissions of public officials; and liability insurance for workmen's compensation. The Authority provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

Note 14 - Capital Assets:

	Beginning Balance July 1, 2014	Increase	Decrease	Ending Balance June 30, 2015
Capital assets not depreciated				
Land	$ 220,409	$ -	$ -	$ 220,409
Total capital assets not depreciated	220,409	-	-	220,409
Capital assets depreciated				
Buildings	4,949,532	-	-	4,949,532
Land improvements	1,210,115	49,268	-	1,259,383
Furniture and equipment	4,050,280	76,955	385,567	3,741,668
Total capital assets depreciated	10,209,927	126,223	385,567	9,950,583
Total capital assets	10,430,336	126,223	385,567	10,170,992
Less accumulated depreciation for:				
Buildings	711,171	125,733	-	836,904
Land improvements	601,774	40,934	-	642,708
Furniture and equipment	2,857,177	275,852	385,567	2,747,462
Total accumulated depreciation	4,170,122	442,519	385,567	4,227,074
Capital assets, net	$ 6,260,214	$ (316,296)	$ -	$ 5,943,918

	Beginning Balance July 1, 2013	Increase	Decrease	Ending Balance June 30, 2014
Capital assets not depreciated				
Land	$ 220,409	$ -	$ -	$ 220,409
Total capital assets not depreciated	220,409	-	-	220,409
Capital assets depreciated				
Buildings	4,949,532	-	-	4,949,532
Land improvements	1,210,115	-	-	1,210,115
Furniture and equipment	4,007,275	103,259	60,254	4,050,280
Total capital assets depreciated	10,166,922	103,259	60,254	10,209,927
Total capital assets	10,387,331	103,259	60,254	10,430,336
Less accumulated depreciation for:				
Buildings	585,438	125,733	-	711,171
Land improvements	544,740	57,034	-	601,774
Furniture and equipment	2,625,650	291,340	59,813	2,857,177
Total accumulated depreciation	3,755,828	474,107	59,813	4,170,122
Capital assets, net	$ 6,631,503	$ (370,848)	$ 441	$ 6,260,214

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Note 15 - Accounts Payable and Other Accruals:

Payables at June 30, 2015 and 2014 were as follows:

	2015	2014
Accounts Payable		
Contractual	**$ 36,334**	$ 36,006
Travel/moving costs	**25,245**	9,451
Office	**10,979**	8,047
Marketing	**7,003**	22,178
Maintenance	**17,118**	10,158
Capital assets	**35,893**	-
Housing grants	**974**	-
General	**20,452**	3,484
Prepaid sales	**240,848**	255,208
Excise/Unemployment tax	**13,514**	9,746
Materials/tools	**187,836**	191,299
	596,196	545,577
Other Liabilities		
Amount held for SD Homebuilders Association	**950,768**	950,768
Accrued vacation	**538,221**	520,344
Accrued salaries	**148,993**	127,917
Employee withholdings	**16,054**	460
EMAP payable	**(1,155)**	7,135
Servicing fee	**143,786**	173,909
Estes Park	**98,796**	98,796
Other	**-**	(719,934)
Total accounts payable and other liabilities	**2,491,659**	1,704,972
Current liabilities	**1,540,891**	1,474,138
Noncurrent liabilities	**$ 950,768**	$ 230,834

Note 17 – Adoption of New Accounting Standard

As of July 1, 2014, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date.* The implementation of these standards requires governments to calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension asset and deferred outflows of resources related to contributions made after the measurement date as follows:

Net position at June 30, 2014, as previously reported	$ 484,714,811
Net pension asset at June 30, 2014	433,628
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	161,371
Net position at July 1, 2014, as restated	$ 485,309,810

# # # # #

South Dakota Housing Development Authority

Required Supplementary Information
June 30, 2015

South Dakota Retirement System

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 177	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribtutions in relation to the contractually required contribution	177	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 2,950	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	6.00%									

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

South Dakota Retirement System

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Authority's proportion of the net pension liability (asset)	0.153799%	%	%	%	%	%	%	%	%	%
Authority's proportionate share of net pension liability (asset)	$ (1,108)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 2,690	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-41.19%									
Plan fiduciary net position as a percentage of the total pension liability (asset)	107%									

* The amounts presented for each fiscal year were determined as of 06/30

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

South Dakota Housing Development Authority

Supplementary Information
June 30, 2015

Assets	General Operating Account	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Multifamily Housing Revenue Bonds	Multifamily Mortgage Pass-Through Bonds	Multifamily Risk Sharing Bonds	Combined Total
Current Assets								
Cash and cash equivalents	$ 7,094,669	$ 126,678,202	$ 6,695,861	$ 2,381,135	$ 1,414,638	$ -	$ 373,174	**$ 144,637,679**
Investment securities - other	2,585,508	14,650,809	12,163,405	4,538,253	-	-	-	**33,937,975**
Mortgage loans receivable, net	2,875,761	26,342,399	11,011,618	2,067,674	-	-	-	**42,297,452**
Guaranteed mortgage securities	-	-	-	-	423,767	-	224,272	**648,039**
Interest receivable	290,259	4,305,627	893,256	534,951	24,293	-	70,322	**6,118,708**
Other receivables	2,941,768	-	-	-	-	-	-	**2,941,768**
Other assets	3,184,643	-	-	-	-	-	-	**3,184,643**
Hedging derivatives	-	43,385	-	-	-	-	-	**43,385**
Total Current Assets	18,972,608	172,020,422	30,764,140	9,522,013	1,862,698	-	667,768	**233,809,649**
Noncurrent Assets								
Investment securities - other	9,155,952	282,752,982	10,366,266	46,716,625	1,720,427	-	639,865	**351,352,117**
Investments - program mortgage-backed securities	-	215,824,242	-	-	-	-	-	**215,824,242**
Mortgage loans receivable, net	78,155,799	438,158,438	181,842,024	24,362,602	-	-	-	**722,518,863**
Guaranteed mortgage securities	-	-	-	-	26,342,590	-	11,677,318	**38,019,908**
Line of credit receivable	-	32,141,991	-	-	-	-	-	**32,141,991**
Other receivables	3,608,055	1,555,730	-	-	-	-	-	**5,163,785**
Furniture and equipment, net	578,294	-	-	415,912	-	-	-	**994,206**
Building, net	139,120	-	-	3,973,508	-	-	-	**4,112,628**
Land Improvement, net	53,591	-	-	563,084	-	-	-	**616,675**
Land	220,409	-	-	-	-	-	-	**220,409**
Due from (to) other funds	(11,863,836)	9,218,405	2,758,317	(98,886)	(9,000)	-	(5,000)	**-**
Total Noncurrent Assets	80,047,384	979,651,788	194,966,607	75,932,845	28,054,017	-	12,312,183	**1,370,964,824**
Total Assets	99,019,992	1,151,672,210	225,730,747	85,454,858	29,916,715	-	12,979,951	**1,604,774,473**
Deferred Outflow of Resources								
Loss on refunding	-	277,238	-	448,002	-	-	-	**725,240**
Swaps (Note 8)	-	11,457,365	-	527,100	-	-	-	**11,984,465**
Related to pensions	994,910	-	-	-	-	-	-	**994,910**
Total Assets and Deferred Outflow of Resources	$ 100,014,902	$ 1,163,406,813	$ 225,730,747	$ 86,429,960	$ 29,916,715	$ -	$ 12,979,951	**$ 1,618,479,088**

(continued on next page)

	General Operating Account	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Multifamily Housing Revenue Bonds	Multifamily Mortgage Pass-Through Bonds	Multifamily Risk Sharing Bonds	Combined Total
Liabilities								
Current Liabilities								
Bonds payable	$ -	$ 27,070,000	$ 4,515,000	$ 1,560,000	$ 144,838	$ -	$ 230,000	**$ 33,519,838**
Accrued interest payable	-	3,831,739	1,250,468	74,002	114,263	-	206,186	**5,476,658**
Accounts payable and other liabilities	1,299,464	96,675	45,956	-	-	-	98,796	**1,540,891**
Multifamily escrows and reserves	10,192,358	-	-	-	307,635	-	132,680	**10,632,673**
Total Current Liabilities	11,491,822	30,998,414	5,811,424	1,634,002	566,736	-	667,662	**51,170,060**
Noncurrent Liabilities								
Bonds payable	-	770,635,701	218,183,787	21,650,000	28,957,494	-	12,135,000	**1,051,561,982**
Accounts payable and other liabilities	950,768	-	-	-	-	-	-	**950,768**
Hedging derivatives	-	11,457,365	-	527,100	-	-	-	**11,984,465**
Total Noncurrent Liabilities	950,768	782,093,066	218,183,787	22,177,100	28,957,494	-	12,135,000	**1,064,497,215**
Total Liabilities	12,442,590	813,091,480	223,995,211	23,811,102	29,524,230	-	12,802,662	**1,115,667,275**
Deferred Inflow of Resources								
Forward contracts	-	43,385	-	-	-	-	-	**43,385**
Related to Pensions	1,283,313	-	-	-	-	-	-	**1,283,313**
Total Liabilities and Deferred Inflow of Resources	13,725,903	813,134,865	223,995,211	23,811,102	29,524,230	-	12,802,662	**1,116,993,973**
Net Position								
Net investment in capital assets	991,414	-	-	(1,432,496)	-	-	-	**(441,082)**
Restricted for pension benefits	819,652	-	-	-	-	-	-	**819,652**
Restricted by statute	14,046,934	-	-	-	-	-	-	**14,046,934**
Restricted by bond indentures	-	350,271,948	1,735,536	64,051,354	392,485	-	177,289	**416,628,612**
Restricted by HOME and NSP Program	70,430,999	-	-	-	-	-	-	**70,430,999**
Total Net Position	86,288,999	350,271,948	1,735,536	62,618,858	392,485	-	177,289	**501,485,115**
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 100,014,902	$ 1,163,406,813	$ 225,730,747	$ 86,429,960	$ 29,916,715	$ -	$ 12,979,951	**$ 1,618,479,088**

Operating Revenues	**General Operating Account**	**Homeownership Mortgage Bonds**	**Single Family Mortgage Bonds**	**Multiple Purpose Bonds**	**Multifamily Housing Revenue Bonds**	**Multifamily Mortgage Pass-Through Bonds**	**Multifamily Risk Sharing Bonds**	**Combined Total**
Interest income on mortgage loans and guaranteed mortgage securities	$ 259,685	$ 26,691,628	$ 9,224,440	$ 1,712,038	$ 419,946	$ 6,949	$ 761,225	**$ 39,075,911**
Earnings on investments and program mortgage-backed securities	266,489	15,655,899	364,446	1,215,040	58,710	-	34,321	**17,594,905**
Net increase/(decrease) in fair value of investments and program mortgage-backed securities	(268,276)	3,391,770	220,674	(44,137)	36,687	-	-	**3,336,718**
HUD contributions	27,905,512	-	-	-	-	-	-	**27,905,512**
Fee, grant and other income	5,248,468	1,377	-	891	-	-	-	**5,250,736**
Total Operating Revenues	33,411,878	45,740,674	9,809,560	2,883,832	515,343	6,949	795,546	**93,163,782**
Operating Expenses								
Interest	-	26,784,162	8,166,175	554,931	316,313	6,949	693,305	**36,521,835**
Housing assistance payments	23,183,186	-	-	-	-	-	-	**23,183,186**
Servicer fees	-	1,494,550	698,784	-	-	-	-	**2,193,334**
Arbitrage rebate expense	-	(123,999)	-	-	-	-	-	**(123,999)**
General and administrative	5,123,884	799,012	15,493	295,030	100,089	-	96,148	**6,429,656**
Bond financing costs	-	2,416,217	27,000	48,000	-	-	1,000	**2,492,217**
Other housing programs	5,539,227	-	-	-	-	-	-	**5,539,227**
Provision for loan loss	1,129,899	(224,879)	(151,999)	-	-	-	-	**753,021**
Total Operating Expenses	34,976,196	31,145,063	8,755,453	897,961	416,402	6,949	790,453	**76,988,477**
Net Income Before Interfund Transfers	(1,564,318)	14,595,611	1,054,107	1,985,871	98,941	-	5,093	**16,175,305**
Interfund Transfers	2,456,566	(2,831,916)	375,350	-	-	-	-	**-**
Changes in Net Position	892,248	11,763,695	1,429,457	1,985,871	98,941	-	5,093	**16,175,305**
Net Position, Beginning of Fiscal Year (2015 restated, Note 17)	85,396,751	338,508,253	306,079	60,632,987	293,544	-	172,196	**485,309,810**
Net Position, End of Fiscal Year	$ 86,288,999	$ 350,271,948	$ 1,735,536	$ 62,618,858	$ 392,485	$ -	$ 177,289	**$ 501,485,115**

TABLE I

Amounts Available To Purchase Qualified Homeownership Mortgage Loans

Series of Bonds	Date of Issuance or Remarketing to Maturity	Mortgage Loan Interest Rate	Total Amount Available to Purchase Mortgage Loans	Amount Committed for Mortgage Loans	Amount Available for Commitment
2013ABC	4/4/2013	3.625%	$ 9,532,649	$ -	$ 9,532,649
2014ABC	4/30/2014	3.625%	14,000,000	-	14,000,000
2015C	4/30/2015	3.625%	7,391,459	-	7,391,459
			$ 30,924,108		

TABLE II

Type of Home Financed with Outstanding Homeownership Mortgage Loans

Type of Home	Number of Homes
Single Family Detached	95.26%
Single Family Townhouse/Condominium	2.95%
Two-Four Unit	0.46%
Modular-Manufactured	1.33%
	100.00%

TABLE III

Outstanding Step Homeownership Mortgage Loans

Years Outstanding	Number	Principal Amount
1	0	$ -
2	0	-
3	0	-
4	2	156,220
5 or more	563	32,595,782
Total	565	$ 32,752,002

TABLE IV

Outstanding Homeownership Mortgage Loans

Interest Rate	Outstanding Number	Outstanding Principal Amount	Interest Rate	Outstanding Number	Outstanding Principal Amount
3.750%	2	$ 283,279	6.875%	5	$ 131,552
4.125%	12	1,080,221	6.890%	19	535,472
4.375%	1	170,220	6.900%	17	741,216
4.500%	104	9,764,709	6.950%	85	3,751,821
4.600%	1	68,098	7.050%	8	251,296
4.625%	3	269,604	7.110%	68	2,568,493
4.750%	1,071	76,425,040	7.125%	3	152,190
4.850%	118	11,134,558	7.250%	69	1,582,326
4.950%	1,073	73,569,255	7.300%	31	1,009,358
5.000%	61	5,673,775	7.360%	7	265,100
5.125%	207	16,150,264	7.400%	22	969,931
5.150%	263	19,077,634	7.450%	10	462,474
5.250%	480	37,115,684	7.550%	14	551,693
5.375%	253	19,824,277	7.600%	11	355,355
5.425%	28	2,225,662	7.625%	25	325,394
5.450%	22	1,636,561	7.650%	2	135,227
5.500%	758	57,030,126	7.840%	1	3,877
5.625%	67	5,586,426	7.875%	32	249,580
5.750%	113	8,453,025	7.880%	1	5,137
5.850%	175	14,886,096	7.950%	20	568,597
5.950%	673	35,321,731	8.100%	1	24,301
6.000%	160	9,856,057	8.125%	5	42,847
6.125%	29	2,467,641	8.180%	14	121,755
6.150%	12	788,332	8.250%	28	186,290
6.250%	59	3,311,505	8.375%	16	150,747
6.375%	10	1,072,620	8.500%	12	122,485
6.400%	34	1,338,752	8.540%	8	54,250
6.450%	32	1,024,747	8.625%	4	52,696
6.500%	348	13,396,005	8.750%	3	28,765
6.600%	4	110,852	8.850%	16	130,934
6.625%	10	888,846	8.900%	3	24,797
6.650%	101	2,671,902	9.000%	1	9,725
6.750%	60	1,353,750	9.100%	1	15,738
6.850%	35	1,405,496	10.875%	2	2,508
				6,943	$ 451,016,677

TABLE V

Type of Mortgage Insurance for Outstanding Homeownership Mortgage Loans

Insurer or Guarantor		Percent of Principal Amount
FHA		33.49%
VA		4.85%
USDA Rural Development		37.84%
Private Mortgage Insurance		
Mortgage Guaranty Insurance Company	10.11%	
Genworth	2.70%	
PMI	0.29%	
United Guaranty Insurance	1.28%	
CMG Mortgage Insurance Company	0.21%	
Total PMI Insured Mortgage Loans		14.59%
Total Insured Mortgage Loans		90.77%
Unisured		9.23%
Total All Mortgage Loans		100.00%

TABLE VI

Servicers of Outstanding Homeownership Mortgage Loans

Servicer	Principal Amount
Home Federal Bank	$ 306,102,243
Wells Fargo Home Mortgage Corporation	79,943,073
CorTrust Mortgage	29,486,293
First Bank & Trust	24,174,702
Other Servicers	11,310,366
	$ 451,016,677

TABLE VII

Homeownership Mortgage Loan Delinquencies and Foreclosures

	Homeownership Program		NIBP Program	
	As of 6/30/2015	As of 6/30/2014	As of 6/30/2015	As of 6/30/2014
31-60 Days (one payment) Delinquent	2.61%	3.34%	2.41%	2.31%
61-90 Days (two payments) Delinquent	1.01%	0.74%	0.74%	0.92%
91 Days or More (three or more payments) Delinquent	0.99%	1.19%	0.69%	0.71%
Total Delinquent	4.61%	5.27%	3.84%	3.94%
In Foreclosure	1.83%	2.08%	1.12%	1.38%

Table VIII

Valuation of Assets

Value of Principal Assets of Homeownership Program	$ 1,064,114,067
Amount of Outstanding Homeownership Bonds	$ 788,266,329
Parity Calculation	134.99%
Parity Requirement	102.00%

Value of Principal Assets of NIBP Program	$ 229,275,925
Amount of Outstanding NIBP Bonds	$ 221,565,000
Parity Calculation	103.48%
Parity Requirement	100.00%

Table IX

General Fund of the Authority

Homeownership Program	$ 131,965,020
NIBP Program	$ -
Multi Purpose Program	$ 45,856,653