

South Dakota Housing Development Authority

(A Component Unit of the State of South Dakota)
Financial Report
June 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Commissioners
South Dakota Housing Development Authority
(A Component Unit of the State of South Dakota)
Pierre, South Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the South Dakota Housing Development Authority, a component unit of the State of South Dakota, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the South Dakota Housing Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the South Dakota Housing Development Authority as of June 30, 2025 and 2024, and the respective changes in 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Dakota Housing Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Dakota Housing Development Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Dakota Housing Development Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of authority's contributions, schedule of authority's proportionate share of net pension liability (asset), and notes to required supplementary information be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the South Dakota Housing Development Authority's basic financial statements. The supplementary schedules and tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary schedules and tables, as listed in the table of contents, are 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 14, 2025 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of South Dakota Housing Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Dakota Housing Development Authority's internal control over financial reporting and compliance.



Aberdeen, South Dakota
October 14, 2025

Management's Discussion and Analysis

June 30, 2025 and 2024 (Unaudited)

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, 2025 (FY 2025) and 2024 (FY 2024). 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 daycare 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 Annual Comprehensive 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 Changes in Net Position; and 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 Changes in Net Position accounts for all the current year's revenues and expenses 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 family 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.

Management's Discussion and Analysis

June 30, 2025 and 2024 (Unaudited)

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, capital and related financing, and noncapital 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 2025, FY 2024, and FY 2023 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 2025	FY 2024	FY 2023	% Change 2025/2024	% Change 2024/2023
Revenues:					
Interest on mortgages	\$ 5.7	\$ 6.4	\$ 7.5	-10.9%	-14.7%
Investment income	103.7	80.7	51.1	28.5%	57.9%
Increase (decrease) in fair market value of investments and program MBS	38.9	(7.1)	(40.5)	647.9%	82.5%
HUD contributions	41.8	51.2	40.5	-18.4%	26.4%
U.S. Treasury contributions	33.4	16.7	20.4	100.0%	-18.1%
Other income	12.1	11.3	6.8	7.1%	66.2%
Total revenues	235.6	159.2	85.8	48.0%	85.5%
Expenses:					
Interest	69.2	51.4	35.2	34.6%	46.0%
Servicer fees	0.4	0.4	0.5	0.0%	-20.0%
General and administrative	8.4	8.2	7.8	2.4%	5.1%
HUD housing assistance payments	29.9	27.6	27.7	8.3%	-0.4%
U.S. Treasury housing assistance payments	33.4	16.7	20.4	100.0%	-18.1%
Other	61.3	40.1	17.2	52.9%	133.1%
Total expenses	202.6	144.4	108.8	40.3%	32.7%
Change in net position	\$ 33.0	\$ 14.8	\$ (23.0)	123.0%	164.3%

Management's Discussion and Analysis

June 30, 2025 and 2024 (Unaudited)

Changes in Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

(In Millions of Dollars)

	FY 2025	FY 2024	FY 2023	% Change 2025/2024	% Change 2024/2023
Assets:					
Cash and equivalents	\$ 650.3	\$ 559.5	\$ 585.3	16.2%	-4.4%
Investments	2,003.5	1,627.0	1,207.8	23.1%	34.7%
Mortgages	284.2	284.6	276.0	-0.1%	3.1%
Line of credit receivable	68.5	53.2	33.4	28.8%	59.3%
Interest receivable	10.2	8.6	6.1	18.6%	41.0%
Capital assets	4.6	4.4	4.5	4.5%	-2.2%
Other	32.1	37.6	29.4	-14.6%	27.9%
Total assets	3,053.4	2,574.9	2,142.5	18.6%	20.2%
Deferred Outflows of Resources					
Deferred loss on refunding	1.8	1.9	2.1	-5.3%	-9.5%
Deferred swap outflow	0.6	0.4	-	50.0%	100.0%
Deferred outflow related to pension	1.4	1.4	1.5	0.0%	-6.7%
Total assets and deferred outflows	\$ 3,057.2	\$ 2,578.6	\$ 2,146.1	18.6%	20.2%
Liabilities:					
Current bonds payable	\$ 66.2	\$ 163.2	\$ 58.0	-59.4%	181.4%
Interest payable	13.2	13.5	8.0	-2.2%	68.8%
Fair value of hedging derivatives	0.6	0.4	-	50.0%	100.0%
Other	7.7	7.8	4.8	-1.3%	62.5%
Unearned revenue	56.3	54.3	72.8	3.7%	-25.4%
Noncurrent bonds payable	2,216.7	1,670.8	1,353.2	32.7%	23.5%
Total liabilities	2,360.7	1,910.0	1,496.8	23.6%	27.6%
Deferred Inflows of Resources					
Deferred gain on refunding inflow	8.0	8.5	9.1	-5.9%	-6.6%
Deferred swap inflow	22.5	27.3	22.1	-17.6%	23.5%
Deferred inflow related to pension	0.9	0.8	0.9	12.5%	-11.1%
Total liabilities and deferred inflows	2,392.1	1,946.6	1,528.9	22.9%	27.3%
Net Position:					
Net investment in capital assets	(1.0)	(1.3)	(1.2)	23.1%	-8.3%
Restricted by state statute	164.6	176.9	170.5	-7.0%	3.8%
Restricted for pension benefits	0.5	0.6	0.6	-16.7%	0.0%
Restricted by bond indentures	401.7	359.5	357.6	11.7%	0.5%
Restricted by HOME, HTF and NSP programs	99.3	96.3	89.7	3.1%	7.4%
Total net position	665.1	632.0	617.2	5.2%	2.4%
Total liabilities, deferred inflows, and net position	\$ 3,057.2	\$ 2,578.6	\$ 2,146.1	18.6%	20.2%

(continued on next page)

Management's Discussion and Analysis

June 30, 2025 and 2024 (Unaudited)

Financial Highlights for FY 2025

- Total operating revenues increased 48.0% to \$235.6 million for FY 2025, from \$159.2 million for FY 2024. The main factors contributing to this increase were an additional \$23.0 million in investment income, and a \$46.0 million increase in market value adjustment.
- Total operating expenses increased 40.3% to \$202.6 million for FY 2025, from \$144.4 million for FY 2024. The primary components of the increase were an additional \$17.8 million in interest expense, \$11.4 million distributed for the Grant for Graduates program and housing grants for the Housing Infrastructure program.
- Net position of the Authority for FY 2025 was \$665.1 million, which represented an increase of \$33.0 million, or 5.2%, from the FY 2024 net position level.
- Mortgage loans receivable, net of adjustments for the potential for loan loss, was \$284.2 million at the end of FY 2025, which represented a decrease of \$0.4 million, or 0.1%, for FY 2025 from the FY 2024 level of \$284.6 million. In the last half of FY 2024, 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.
- Investments were \$2,003.5 million at the end of FY 2025, which represented an increase of \$376.5 million, or 23.1%, from the FY 2024 total of \$1,627.0 million. The increase is primarily related to the purchase of program mortgage-backed securities.
- The line of credit receivable is a credit line in the maximum amount of \$60 million (or other amount as approved) 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 \$68.5 million at the end of FY 2025 and \$53.2 million at the end of FY 2024.
- Interest income on mortgage loans was \$5.7 million for FY 2025, which represented a decrease of \$0.7 million from the \$6.4 million reported in FY 2024. As the homeownership loan balance continues to decrease, so will the interest income on loans.
- Investment income was \$103.7 million for FY 2025, which represented an increase of \$23.0 million, or 28.5%, in FY 2025 from \$80.7 million for FY 2024 due to the increase in rate of return on investments and an increase in the amount of funds held as investments. The fair market value increased by \$38.9 million in FY 2025 and decreased by \$7.1 million in FY 2024. The FY 2025 fair market increase was a result of the interest rates falling during the fiscal year. Ignoring the effects of the net increase in fair market value of investments, the change in net position would have been a decrease of \$5.9 million for FY 2025 compared to an increase of \$21.9 million for FY 2024.

Management's Discussion and Analysis

June 30, 2025 and 2024 (Unaudited)

- Deferred outflows of resources from interest rate swaps at the end of FY 2025 increased by \$0.2 million from the FY 2024 level of \$0.4 million. Deferred inflows of resources from interest rate swaps at the end of FY 2025 decreased to \$22.5 million from \$27.3 million at the end of FY 2024, or 17.6%. See Note 9 for a list of the Authority's swaps outstanding.
- Bonds and notes outstanding of the Authority were \$2,282.9 million for FY 2025, which was an increase of \$448.9 million, or 24.5%, in FY 2025 from \$1,834.0 million in FY 2024 due to more bonds being issued than being redeemed or maturing.
- Unearned revenue consists of \$54.6 million of funds received from the U.S. Treasury to fund COVID-related programs that have not been spent as of June 30, 2025, and \$1.7 million for the Governor's House Program. This is an increase of \$2.0 million, or 3.7%, from FY 2024. The increase was due to interest income on the unused U.S Treasury funds and a large prepayment for the Governor's House Program.
- Interest expense on bonds and notes outstanding increased \$17.8 million, or 34.6%, in FY 2025 from \$51.4 million in FY 2024 due to a higher outstanding bond balance and a higher weighted average interest rate on the bonds.
- The Authority performed an operating transfer of \$6.6 million from the Homeownership Mortgage Loan Program and \$1.5 million from the Multiple Purpose Bond Resolution to the General Operating Account. The Authority normally transfers up to 1% of loan purchases from the Homeownership Mortgage Loan Program. The Multiple Purpose Bond transfer of \$1.5 million was to fund the Housing Opportunity Fund.

Financial Highlights for FY 2024

- Total operating revenues increased 85.5% to \$159.2 million for FY 2024, from \$85.8 million for FY 2023. The main factors contributing to this increase were an additional \$29.6 million in investment income, an additional \$10.7 million of HUD contributions and a \$33.4 million increase in market value adjustment.
- Total operating expenses increased 32.7% to \$144.4 million for FY 2024, from \$108.8 million for FY 2023. The primary components of the increase were an additional \$16.2 million in interest expense and housing grants for the Housing Infrastructure program.
- Net position of the Authority for FY 2024 was \$632.0 million, which represented an increase of \$14.8 million, or 2.4%, from the FY 2023 net position level.
- Mortgage loans receivable, net of adjustments for the potential for loan loss, was \$284.6 million at the end of FY 2024, which represented an increase of \$8.6 million, or 3.1%, for FY 2024 from the FY 2023 level of \$276.0 million. In the last half of FY 2023, 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 reason for the increase in loan balance in FY 2024 was for loans made in the HOME, Housing Trust Fund and the Housing Infrastructure program.

Management's Discussion and Analysis

June 30, 2025 and 2024 (Unaudited)

- Investments were \$1,627.0 million at the end of FY 2024, which represented an increase of \$419.2 million, or 34.7%, from the FY 2023 total of \$1,207.8 million. The increase is primarily related to the purchase of program mortgage-backed securities.
- The line of credit receivable is a credit line in the maximum amount of \$60 million (or other amount as approved) 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 \$53.2 million at the end of FY 2024 and \$33.4 million at the end of FY 2023.
- Interest income on mortgage loans was \$6.4 million for FY 2024, which represented a decrease of \$1.1 million from the \$7.5 million reported in FY 2023. Even though the loan balance increased in FY 2024, the new loans added for the year are zero interest loans, so as the homeownership loan balance continues to decrease, so will the interest income on loans.
- Investment income was \$80.7 million for FY 2024, which represented an increase of \$29.6 million, or 57.9%, in FY 2024 from \$51.1 million for FY 2023 due to the increase in rate of return on investments and an increase in the amount of funds held as investments. The fair market value decreased by \$7.1 million in FY 2024 and decreased by \$40.5 million in FY 2023. The FY 2024 fair market decrease was a result of the continued rise in interest rates to curb inflation. Ignoring the effects of the net decrease in fair market value of investments, the change in net position would have been \$21.9 million for FY 2024 compared to \$17.5 million for FY 2023.
- Deferred outflows of resources from interest rate swaps at the end of FY 2024 increased by \$0.4 million from the FY 2023 level of \$0.0 million. Deferred inflows of resources from interest rate swaps at the end of FY 2024 increased to \$27.3 million from \$22.1 million at the end of FY 2023, or 23.5%. See Note 9 for a list of the Authority's swaps outstanding.
- Bonds and notes outstanding of the Authority were \$1,834.0 million for FY 2024, which was an increase of \$422.8 million, or 30.0%, in FY 2024 from \$1,411.2 million in FY 2023 due to more bonds being issued than being redeemed or maturing.
- Unearned revenue consists of \$54.3 million of funds received from the U.S. Treasury to fund COVID-related programs that have not been spent as of June 30, 2024. This is a decrease of \$18.5 million, or 25.4%, from FY 2023. Of the \$18.5 million, only \$16.7 million was used for housing assistance payments and the other \$1.8 million was returned to the U.S. Treasury.
- Interest expense on bonds and notes outstanding increased \$16.2 million, or 46.0%, in FY 2024 from \$35.2 million in FY 2023 due to a higher outstanding bond balance and a higher weighted average interest rate on the bonds.
- The Authority performed an operating transfer of \$5.2 million from the Homeownership Mortgage Loan Program and \$3.0 million from the Multiple Purpose Bond Resolution to the General Operating Account. The Authority normally transfers up to 1% of loan purchases from the Homeownership Mortgage Loan Program. In addition to the 1% of loan purchases, which was approximately \$6.7 million, the other \$1.5 million was transferred to fund the Housing Opportunity Fund.

Management's Discussion and Analysis

June 30, 2025 and 2024 (Unaudited)

Loan Portfolio Activity for FY 2025 and FY 2024

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, used to be the dominant loan product offered by the Authority. Then, 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.

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 \$586 million of MBS's during FY 2025 compared to \$500 million in FY 2024.

The Homeownership Mortgage Loan Program purchased approximately \$500 million of MBS's during FY 2024 compared to \$324 million in FY 2023.

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 2025, the Authority had \$2,282.9 million in bonds outstanding, a 24.5% increase from FY 2024. As of FY 2024, the Authority had \$1,834.0 million in bonds outstanding, a 30.0% increase from FY 2023.

The Authority retired or paid at maturity a total of \$217.2 million in bonds in FY 2025. \$78.1 million was redeemed from refundings, prepayments, and excess reserves and \$139.1 million was maturing principal. The Authority retired or paid at maturity a total of \$140.0 million in bonds in FY 2024. \$114.7 million was redeemed from refundings, prepayments, and excess reserves and \$25.3 million was maturing principal.

The Authority's Homeownership Mortgage Bonds were rated AAA by Standard and Poor's in FY 2025 and FY 2024, and rated Aaa by Moody's Investors Service in FY 2025 and FY 2024. In FY 2025 and FY 2024, the Authority's Multiple Purpose Bonds were rated Aa3 by Moody's Investors Service. The Authority's Single Family Mortgage Bonds were rated Aa2 in FY 2025 and FY 2024. 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 6, Bonds Payable.

Management's Discussion and Analysis

June 30, 2025 and 2024 (Unaudited)

Capital Assets

Capital assets increased by \$0.2 million in FY 2025 from \$4.4 million in FY 2024. This net change is due to the purchase of capital assets.

Capital assets decreased by \$0.1 million in FY 2024 from \$4.5 million in FY 2023. This net change is due to the depreciation of existing assets.

More detailed information about the Authority's capital assets can be found in Note 17, Capital Assets.

Economic Outlook

Economic conditions in South Dakota are relatively good due to prudent fiscal policy. The State of South Dakota operates on a balanced budget and the State's pension fund is 100.0% funded. The State's foreclosure rate of 0.50%, delinquency rate of 3.36%, and a steady unemployment rate (currently 1.8%) 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.

Statements of Net Position

As of June 30

Assets	2025	2024
Current Assets		
Cash and cash equivalents (Note 3)	\$ 650,311,204	\$ 559,497,148
Investment securities - other (Note 3)	7,037,579	83,304,123
Investments - program mortgage-backed securities (Note 3)	301,202,580	222,916,863
Mortgage loans receivable, net (Note 4)	35,968,937	31,991,578
Interest receivable	10,194,329	8,572,453
Other receivables	2,429,904	1,363,338
Other assets	5,004,495	6,787,454
Total Current Assets	1,012,149,028	914,432,957
Noncurrent Assets		
Investment securities - other (Note 3)	189,558,945	206,475,678
Investments - program mortgage-backed securities (Note 3)	1,505,651,529	1,114,316,868
Mortgage loans receivable, net (Note 4)	248,232,086	252,685,173
Line of credit receivable (Note 5)	68,537,154	53,203,587
Other receivables	2,195,073	2,165,391
Hedging derivatives (Note 9)	22,518,006	27,248,366
Capital assets, at cost, less accumulated depreciation (Note 17)	4,555,767	4,391,140
Total Noncurrent Assets	2,041,248,560	1,660,486,203
Total Assets	3,053,397,588	2,574,919,160
Deferred Outflows of Resources		
Loss on refundings	1,777,521	1,912,831
Swaps (Note 9)	611,238	393,892
Related to pensions (Note 14)	1,381,596	1,397,347
Total Assets and Deferred Outflows of Resources	\$ 3,057,167,943	\$ 2,578,623,230
Liabilities		
Current Liabilities		
Bonds payable (Note 6)	\$ 66,178,480	\$ 163,152,987
Accrued interest payable	13,231,251	13,487,732
Unearned revenue	4,095,130	17,000,000
Accounts payable and other liabilities (Note 18)	3,020,317	3,098,230
Multifamily escrows and reserves	823,723	1,249,466
Total Current Liabilities	87,348,901	197,988,415
Noncurrent Liabilities		
Bonds payable (Note 6)	2,216,688,823	1,670,843,302
Unearned revenue	52,187,586	37,288,014
Accounts payable and other liabilities (Note 18)	3,901,888	3,559,728
Hedging derivatives (Note 9)	611,238	393,892
Total Noncurrent Liabilities	2,273,389,535	1,712,084,936
Total Liabilities	2,360,738,436	1,910,073,351
Deferred Inflows of Resources		
Gain on refundings	7,936,156	8,467,162
Swaps (Note 9)	22,518,006	27,248,366
Related to pensions (Note 14)	920,397	795,264
Total Liabilities and Deferred Inflows of Resources	2,392,112,995	1,946,584,143
Net Position		
Net investment in capital assets	(999,233)	(1,268,860)
Restricted for pension benefits	468,342	617,864
Restricted by state statute	164,585,636	176,879,403
Restricted by bond indentures	401,684,414	359,482,325
Restricted by HOME, HTF, NSP, and HAF Program	99,315,789	96,328,355
Total Net Position	665,054,948	632,039,087
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,057,167,943	\$ 2,578,623,230

See Notes to Financial Statements

**Statements of Revenues, Expenses, and
Changes in Net Position**

For the Years Ended June 30

Operating Revenues	2025	2024
Interest income on mortgage loans	\$ 5,701,836	\$ 6,369,588
Earnings on investments and program mortgage-backed securities	103,721,732	80,681,925
Net decrease in the fair market value of investments and program mortgage-backed securities	38,902,085	(7,079,602)
HUD contributions	41,763,618	51,193,634
U.S. Treasury contributions/COVID	33,415,608	16,708,872
Fee, grant and other income	12,137,190	11,302,461
Total Operating Revenues	235,642,069	159,176,878
Operating Expenses		
Interest	69,188,843	51,434,185
HUD housing assistance payments	29,855,780	27,647,481
U.S. Treasury housing assistance payments/COVID	33,415,608	16,708,872
Servicer fees	361,518	417,586
Arbitrage rebate (benefit)	512,942	2,024,528
General and administrative	8,392,566	8,163,266
Bond financing costs	7,074,103	5,858,741
Other housing programs	47,228,054	25,358,125
Provision for loan loss	6,596,794	6,757,439
Total Operating Expenses	202,626,208	144,370,223
Change in net position	33,015,861	14,806,655
Net position, beginning of fiscal year	632,039,087	617,232,432
Net Position, End of Fiscal Year	\$ 665,054,948	\$ 632,039,087

Statements of Cash Flows

For the Years Ended June 30

	2025	2024
Cash Flows Provided by (Used in) Operating Activities		
Receipts from loan payments and program mortgage-backed securities	\$ 209,282,229	\$ 177,739,548
Receipts for program fees	11,013,291	11,095,105
Receipts from federal housing programs	41,763,618	51,193,634
Receipts for U.S. Treasury Housing Assistance/COVID	35,410,310	-
Payments for loan programs and program mortgage-backed securities	(590,963,727)	(517,803,143)
Payments for operating expenses	(3,614,153)	(2,414,743)
Payments to employees	(6,776,830)	(6,211,655)
Payments for federal housing programs	(29,855,780)	(27,647,481)
Payments for U.S. Treasury Housing Assistance/COVID	(33,415,608)	(16,708,872)
Payments to U.S. Treasury for return of housing assistance funds	-	(1,811,537)
Payments for other housing programs	(43,898,744)	(26,581,716)
Net Cash Used in Operating Activities	(411,055,394)	(359,150,860)
Cash Flows Provided by (Used in) Noncapital Financing Activities		
Proceeds from sale of bonds	669,927,694	567,499,480
Principal paid on bonds	(217,103,380)	(139,886,118)
Interest paid on bonds and swaps	(74,483,250)	(50,994,626)
Bond issuance costs paid	(6,588,486)	(5,850,941)
Net Cash Provided by Noncapital Financing Activities	371,752,578	370,767,795
Cash Flows Provided by (Used in) Capital and Related Financing Activities		
Purchase of capital fixed assets	(598,280)	(306,858)
Proceeds from sale of assets	19,012	13,878
Principal paid on bonds	(105,000)	(100,000)
Interest paid on capital debt	(192,931)	(215,339)
Net Cash Used in Capital and Related Financing Activities	(877,199)	(608,319)
Cash Flows Provided by (Used in) Investing Activities		
Purchase of investment securities	(20,753,614)	(117,550,699)
Proceeds from sale and maturities of investment securities	121,583,605	60,732,670
Interest received on investments	30,164,080	20,042,122
Net Cash Provided by (Used in) Investing Activities	130,994,071	(36,775,907)
Change in Cash and Cash Equivalents	90,814,056	(25,767,291)
Cash and Cash Equivalents, Beginning of Year	559,497,148	585,264,439
Cash and Cash Equivalents, End of Year	\$ 650,311,204	\$ 559,497,148
Reconciliation of Operating Income (Loss) to Cash Flows Provided by (Used in) Operating Activities		
Operating income (loss)	\$ 33,015,861	\$ 14,806,655
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Interest on bonds payable	69,188,843	51,434,185
Net decrease in fair market value of investments	(38,902,085)	7,079,602
Interest from investments	(28,205,735)	(18,971,893)
Bond financing costs	7,074,103	5,858,741
Provision for loan loss	6,596,794	6,757,439
Depreciation	428,760	423,011
Gain on sale of fixed assets	(19,012)	(13,878)
Changes in assets and liabilities:		
Loan interest receivable	(2,083,170)	(1,952,152)
Accounts payable and other liabilities	264,247	3,265,605
Mortgage loans receivable	(6,121,066)	(15,398,935)
Investments - program mortgage-backed securities	(439,361,528)	(371,058,197)
Unearned revenue	1,994,702	(18,520,409)
Line of credit receivable	(15,333,567)	(19,733,931)
Other receivables	(1,104,887)	(193,478)
Other assets	1,782,959	(2,830,911)
Related to pensions	155,130	23,545
Multifamily escrows and reserves	(425,743)	(125,859)
Net Cash Used in Operating Activities	\$ (411,055,394)	\$ (359,150,860)

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 \$388,780,000 for 2025. 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 Annual Comprehensive 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.

(continued on next page)

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.

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, as 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. The financial statements of the Authority include the activity of Homeownership Education Resource Organization (H.E.R.O.), a non-profit organization devoted to monitoring homeownership education in South Dakota, as a blended component unit.

Measurement Focus and Basis of Accounting:

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

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.

Investment Securities:

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

Investments - 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 fair value and unrealized gains and losses are included in income.

Fair Value:

The Authority measures fair value of certain assets and liabilities based on the framework established by generally accepted accounting principles. GASB 72, *Fair Value Measurement and Application*, defines fair value as the price that could be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value:

Level 1: Values are based on quoted prices (unadjusted) for identical assets (liabilities) in active markets that a government can access at the measurement date.

Level 2: Values determined with inputs, other than quoted prices included within Level 1, which are observable for an asset (liability), either directly or indirectly.

Level 3: Values determined with unobservable inputs for an asset (liability) and may require a degree of professional judgement.

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.

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, conversion to grant criteria, 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.

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 earned.

Receivables:

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

Bond Premiums, Discounts and Gains/Losses on Refunding:

Premiums and discounts on bonds are amortized to interest expense using the bonds outstanding method over the life of the bonds to which they relate. Gains and losses on bond refunding are recorded as deferred outflows and inflows and are amortized to interest expense over the shorter of the remaining life of the refunded bonds or the new bonds.

Bond Issuance Costs:

Issuance costs on bonds are expensed as incurred.

Derivative Instruments:

The fair values of both hedging derivatives and investment derivatives (if any) are presented on the Statements 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 Statements of Net Position. If a derivative was 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 one type of derivative outstanding, which is an effective hedge, therefore, having no effect on net position: interest rate swaps.

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, net of any allowance, 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, net of any allowance, through proceeds arising from the sale of such property and certain insurance proceeds. Recoveries for Multifamily loans arise from the sale of such property. Real estate owned is included with mortgage loans receivable.

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 the 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 ranges from 4 to 15 years, the estimated useful life of land improvements ranges from 20 to 30 years, and the estimated useful life of buildings ranges from 27 to 50 years.

Inventory:

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

Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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's contributions and net pension liability (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 receivables/(liabilities) in the amount of (\$2,799,766) and (\$2,286,824) at June 30, 2025 and 2024, 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.

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, grants, State contributions, and federal housing assistance 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, housing program assistance payments, 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. Grant funds received in advance of meeting eligibility requirements are recorded as a liability as unearned revenue.

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.

Adoption of New Standard:

As of July 1, 2024, the Authority adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the Authority's financial statements as a result of the implementation of this standard.

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, (2) law through enabling legislation, (3) participation in the State pension plan, and (4) various grant agreements.
- Unrestricted – Consists of net position that does not meet the definition of net investment in capital assets or restricted.

The Authority's net position, other than the net investment in capital assets, is all considered restricted as of June 30, 2025 and 2024, and all expenses incurred are for restricted purposes.

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 SDCL § 4-5-26. As of the years ended June 30, 2025 and 2024, 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, 2025 and 2024, of the Authority's deposits of \$85,070,354 (carrying value of \$83,492,354) and \$78,573,163 (carrying value of \$76,101,732), respectively, all were covered by insurance or collateral held in the Authority's name in accordance with the Authority's deposit policy.

The \$129,809,941 and \$148,869,925 of the Authority's cash and cash equivalents being held in the State's internal investment pool as of June 30, 2025 and 2024, 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.

Notes to Financial Statements

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, 2025 and 2024, 79% and 75%, respectively, of the Authority's securities were invested in mortgage pass-through securities.

As of June 30, 2025 and 2024, the Authority had investments maturing as follows:

	2025 Investment Maturities (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	Greater Than 10
U.S Government obligations	\$ 66,285,320	\$ 2,144,987	\$ 47,072,563	\$ 16,740,395	\$ 327,375
U.S. Agency obligations	1,929,861,813	3,444,323	19,201,524	7,476,171	1,899,739,795
Money market/mutual funds	437,008,909	437,008,909	-	-	-
Corporate-backed obligations	2,471,755	-	109,157	1,189,358	1,173,240
State obligations	4,831,745	1,448,269	2,341,706	1,041,770	-
Total	<u>\$ 2,440,459,542</u>	<u>\$ 444,046,488</u>	<u>\$ 68,724,950</u>	<u>\$ 26,447,694</u>	<u>\$ 1,901,240,410</u>

	2024 Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	Greater Than 10
U.S Government obligations	\$ 75,827,914	\$ 9,258,243	\$ 43,667,253	\$ 22,574,832	\$ 327,586
U.S. Agency obligations	1,542,541,335	72,832,273	21,236,172	8,428,963	1,440,043,927
Money market/mutual funds	334,525,491	334,525,491	-	-	-
Certificates of deposit	248,917	248,917	-	-	-
Corporate-backed obligations	2,799,350	2,640	176,145	1,187,600	1,432,965
State obligations	5,596,015	962,050	3,610,735	1,023,230	-
Total	<u>\$ 1,961,539,022</u>	<u>\$ 417,829,614</u>	<u>\$ 68,690,305</u>	<u>\$ 33,214,625</u>	<u>\$ 1,441,804,478</u>

Notes to Financial Statements

At June 30, 2025 and 2024, certain cash equivalents and investments in securities are restricted in prescribed amounts by the bond resolutions as follows:

2025			
	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds
Capital reserve for debt service	\$ 65,944,699	\$ -	\$ 868,960
Mortgage reserve for debt service, bond redemption premiums, and potential for loan losses	1,469,505	-	-
Debt service reserve	-	286,200	-
Total	<u>\$ 67,414,204</u>	<u>\$ 286,200</u>	<u>\$ 868,960</u>

2024			
	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds
Capital reserve for debt service	\$ 52,941,151	\$ -	\$ 873,723
Mortgage reserve for debt service, bond redemption premiums, and potential for loan losses	1,727,292	-	-
Debt service reserve	-	353,100	-
Total	<u>\$ 54,668,443</u>	<u>\$ 353,100</u>	<u>\$ 873,723</u>

Credit Risk and Concentration of 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, mortgage-backed securities guaranteed by 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. The Authority will minimize concentration of credit risk by diversifying the investment portfolio and reducing the impact of potential losses from any one type of security or issuer. 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:

Type/Provider	Moody's Credit Rating	2025		2024	
		Amount	% of Total	Amount	% of Total
Money market funds	NR	\$ 437,008,909	17.9%	\$ 334,525,491	17.1%
Certificates of deposit	NR	-	0.0%	248,918	0.0%
Corporate-backed obligations	NR	2,471,754	0.1%	2,799,350	0.1%
U.S. Gov't agency securities	AA1	3,334,078	0.1%	73,472,399	3.7%
U.S. Treasury securities	AA1	66,285,320	2.7%	75,827,914	3.9%
State and municipal securities	NR-AA3	4,831,746	0.2%	5,596,014	0.3%
Mortgage-backed securities:					
GNMA	NR	1,150,631,764	47.1%	896,409,427	45.7%
FNMA	NR	760,736,583	31.2%	556,373,432	28.4%
FHLMC	NR	15,159,388	0.6%	16,286,077	0.8%
		<u>\$ 2,440,459,542</u>	<u>100.0%</u>	<u>\$ 1,961,539,022</u>	<u>100.0%</u>

(continued on next page)

Notes to Financial Statements

Note 4 - Mortgage Loans Receivable:

Mortgage loans receivable at June 30 consists of the following:

	2025	2024
Homeownership Mortgage Loans	\$ 127,058,537	\$ 135,863,040
Single Family Mortgage Loans	12,046,846	13,585,077
Multiple Purpose Loans	32,328,733	28,632,962
Other (General Operating Account)	112,766,907	106,595,672
Total	<u>\$ 284,201,023</u>	<u>\$ 284,676,751</u>

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 \$1,203,407 and \$1,133,639 as of June 30, 2025 and 2024, respectively.

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 \$35,965,388 and \$31,488,032 as of June 30, 2025 and 2024, 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.

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, 2025 and 2024, is \$49,609 and \$24,157, respectively.

Note 5 - Line of Credit Receivable:

On November 1, 2014, the Authority entered into a line of credit with its master servicer. The master servicer uses 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 equal to that of the qualified mortgage loans purchased with funds advanced to the master servicer, less an amount to the master servicer for securitizing and servicing the qualified mortgage loans. The line of credit has a maximum amount of \$60 million (or other amount as approved). The line of credit automatically renews each year if notice to terminate is not provided prior to 90 days of each calendar year-end. As of the issuance of these financial statements, there was no termination notice provided; thus, the agreement will expire on December 31, 2026. As of June 30, 2025 and 2024, the balance of this line of credit receivable was \$68,537,154 and \$53,203,587, respectively.

Notes to Financial Statements

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):

Bond Issue	Maturity Date	Interest Rate	2025			2024 Total Outstanding
			Serial	Term (1)	Total Outstanding	
2013 Series B	2024-2025	2.9%-3.0%	\$ -	\$ -	\$ -	\$ 1,405
2013 Series C	2030-2033	3.55%	-	4,110	4,110	4,110
2013 Series D	2043	3.25%-4.0%	-	8,792	8,792	9,945
2013 Series F	2024	3.50%	-	-	-	590
2014 Series C	2025	3.45%	775	-	775	2,470
2014 Series D	2025-2028	2.90%-3.15%	1,790	1,655	3,445	6,950
2014 Series F	2025	3.60%	980	-	980	2,895
2015 Series A	2025	2.75%	1,230	-	1,230	3,640
2015 Series B	2024	3.27%	-	-	-	645
2015 Series C	2045	4.40%	-	30,000	30,000	30,000
2015 Series D	2025-2045	2.75%-4.0%	145	140	285	2,330
2015 Series E	2027-2037	1.90% (2)	-	25,000 (3)	25,000	25,000
2016 Series A	2025-2036	2.70%-3.45%	5,375	95	5,470	8,295
2016 Series B	2025-2046	2.15%-3.5%	3,735	10,025	13,760	16,795
2016 Series C	2025	2.45%	180	-	180	4,890
2016 Series D	2037-2046	3.50%	-	3,035	3,035	8,150
2017 Series A	2025-2037	3.06%-3.492%	4,045	610	4,655	6,335
2017 Series B	2025-2047	2.45%-4.0%	15,280	25,880	41,160	48,745
2017 Series C	2037-2039	4.00%	-	1,340	1,340	2,310
2017 Series D	2025-2047	2.25%-4.0%	11,525	23,510	35,035	42,470
2017 Series E	2025-2039	2.80%-4.0%	3,780	1,490	5,270	9,395
2017 Series F	2027-2030	2.6%-2.95%	12,065	-	12,065	12,065
2018 Series A	2025-2048	2.85%-4.0%	10,535	7,250	17,785	23,560
2018 Series B	2025-2048	3.00%-4.5%	9,920	9,860	19,780	25,855
2019 Series A	2025-2049	2.35%-4.0%	16,800	14,480	31,280	37,420
2019 Series B	2025-2049	1.50%-4.0%	22,260	29,235	51,495	58,140
2020 Series A	2025-2050	1.375%-3.75%	16,850	14,975	31,825	38,655
2020 Series B	2031-2041	1.87% (2)	-	33,000	33,000	33,000
2020 Series C	2025-2051	0.90%-3.50%	20,745	18,310	39,055	45,935
2020 Series D	2033-2043	1.90% (2)	-	33,000	33,000	33,000
2021 Series A	2025-2051	0.50%-3.0%	23,975	51,465	75,440	82,640
2021 Series B	2025-2051	0.55%-3.0%	25,695	67,520	93,215	101,855
2021 Series C	2025-2030	1.058%-2.019%	13,385	-	13,385	15,600
2022 Series A	2025-2027	0.95%-5.0%	-	-	-	11,380
2022 Series B	2028-2052	1.4%-5.0%	33,780	63,430	97,210	93,725
2022 Series C	2025-2053	2.95%-5.0%	20,570	35,520	56,090	61,690
2022 Series D	2038-2046	1.92% (2)	-	33,000	33,000	33,000
2022 Series E	2025-2053	4.797%-5.796%	6,700	21,550	28,250	30,895
2022 Series F	2038-2046	4.35% (2)	-	17,000	17,000	17,000
2023 Series A	2025-2054	2.70%-6.0%	21,480	71,655	93,135	97,600
2023 Series B	2025-2053	4.18%-5.13%	11,615	30,340	41,955	44,910
2023 Series C	2039-2047	4.35% (2)	-	23,000	23,000	23,000
2023 Series D	2025-2054	3.45%-6.0%	20,850	74,905	95,755	98,675
2023 Series E	2025-2054	5.566%-6.25%	9,585	37,560	47,145	49,825
2023 Series F	2039-2048	4.35% (2)	-	25,000	25,000	25,000
2023 Series G	2025-2055	3.625%-6.25%	20,445	82,135	102,580	104,960
2023 Series H	2025-2054	5.38%-6.266%	8,340	29,830	38,170	39,955
2023 Series I	2040-2048	4.35% (2)	-	20,000	20,000	20,000
2023 Series J	2024	3.875%	-	-	-	70,000
2024 Series A	2044-2055	4.45%-6.25%	-	98,180	98,180	99,000
2024 Series B	2036-2039	5.097%-5.430%	-	48,170	48,170	49,000
2024 Series C	2029-2055	3.30%-6.25%	4,785	194,885	199,670	-
2024 Series D	2025-2036	4.188%-4.999%	50,000	-	50,000	-
2025 Series A	2029-2055	3.350%-6.50%	9,380	149,620	159,000	-
2025 Series B	2026-2036	4.55%-5.5630%	40,000	-	40,000	-
2025 Series C	2036-2056	4.50%-6.250%	5,240	119,760	125,000	-
2025 Series D	2026-2055	4.414%-6.114%	29,335	44,665	74,000	-
Total					2,148,157	1,714,705
2016 Series E	2029-2037	2.27% (2)	-	50,000	50,000	50,000
Total Direct Placements					50,000	50,000
Plus unamortized premium					56,007	37,680
Less unamortized discount					(226)	-
Total Homeownership Mortgage Program Bonds					\$ 2,253,938	\$ 1,802,385

(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.

(3) During FY2022, the 2015 Series E Bonds were remarketed and are no longer considered direct placement.

(continued on next page)

Notes to Financial Statements

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):

Bond Issue	Maturity Date	Interest Rate	Serial	2025		2024 Total Outstanding
				Term (1)	Total Outstanding	
2016-1	2025-2041	2.734%-3.5%	\$ 3,035	\$ 6,505	\$ 9,540	\$ 11,770
Total					9,540	11,770
Plus unamortized premium					59	81
Total Single Family Mortgage Bonds					<u>\$ 9,599</u>	<u>\$ 11,851</u>

(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):

Bond Issue	Maturity Date	Interest Rate	Serial	2025		2024 Total Outstanding
				Term (1)	Total Outstanding	
2009 Series A	2025-2048	2.17% (2)	\$ -	\$ 5,555	\$ 5,555	\$ 5,660
2013 Series A	2028	3.65%	-	150	150	150
2020 Series A	2025-2062	1.92% (2)	-	13,625	13,625	13,950
Total Multiple Purpose Bonds					<u>\$ 19,330</u>	<u>\$ 19,760</u>
(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.						
Total Bonds Outstanding					<u>\$ 2,282,867</u>	<u>\$ 1,833,996</u>

Following are the schedules of changes in bonds payable for the fiscal years ended June 30, 2025 and 2024:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Amounts Due Within One Year
Homeownership Mortgage Program Bonds	\$ 1,714,705,022	\$ 648,000,003	\$ 214,548,379	\$ 2,148,156,646	\$ 64,468,480
Homeownership Direct Placement Bonds	50,000,000	-	-	50,000,000	-
Single Family Mortgage Bonds	11,770,000	-	2,230,000	9,540,000	1,260,000
Multiple Purpose Bonds	19,760,000	-	430,000	19,330,000	450,000
Unamortized Premium/Discount	37,761,267	22,914,551	4,835,161	55,840,657	-
	<u>\$ 1,833,996,289</u>	<u>\$ 670,914,554</u>	<u>\$ 222,043,540</u>	<u>\$ 2,282,867,303</u>	<u>\$ 66,178,480</u>

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Amounts Due Within One Year
Homeownership Mortgage Program Bonds	\$ 1,294,841,140	\$ 557,000,000	\$ 137,136,118	\$ 1,714,705,022	\$ 161,752,988
Homeownership Direct Placement Bonds	50,000,000	-	-	50,000,000	-
Single Family Mortgage Bonds	14,200,000	-	2,430,000	11,770,000	970,000
Multiple Purpose Bonds	20,180,000	-	420,000	19,760,000	430,000
Unamortized Premium/Discount	31,977,545	10,499,479	4,715,757	37,761,267	-
	<u>\$ 1,411,198,685</u>	<u>\$ 567,499,479</u>	<u>\$ 144,701,875</u>	<u>\$ 1,833,996,289</u>	<u>\$ 163,152,988</u>

The assets and revenues of the above indentures are pledged as collateral for the payment of principal and interest on their respective bonds. The bond indentures contain provisions governing events of default and remedies to bondholders with respect to amounts due following events of default.

Notes to Financial Statements

Required principal and interest payments are as follows:

Year Ended June 30	Homeownership Mortgage Program Bonds		Homeownership Direct Placement Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 64,468,480	\$ 83,907,414	\$ -	\$ 2,115,000
2027	64,655,000	83,685,165	-	2,115,000
2028	68,135,000	81,008,991	-	2,115,000
2029	69,055,000	79,308,054	-	2,115,000
2030	72,275,000	77,096,972	-	2,052,713
2031-2035	306,300,000	354,040,787	37,375,000	6,385,397
2036-2040	315,820,000	301,264,707	12,625,000	642,643
2041-2045	367,763,166	245,489,028	-	-
2046-2050	444,335,000	166,428,839	-	-
2051-2055	363,935,000	57,996,269	-	-
2056-2060	11,415,000	444,741	-	-
Total	\$ 2,148,156,646	\$ 1,530,670,967	\$ 50,000,000	\$ 17,540,753

Year Ended June 30	Single Family Mortgage Bonds		Multiple Purpose Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 1,260,000	\$ 302,477	\$ 450,000	\$ 146,324
2027	1,225,000	267,871	460,000	137,460
2028	1,300,000	230,836	475,000	134,559
2029	1,445,000	185,763	640,000	128,631
2030	1,405,000	136,485	505,000	122,516
2031-2035	2,020,000	224,111	2,785,000	555,637
2036-2040	650,000	111,343	3,290,000	438,396
2041-2045	235,000	8,138	3,915,000	283,198
2046-2050	-	-	3,410,000	85,870
2051-2055	-	-	1,275,000	15,617
2056-2060	-	-	1,410,000	8,276
2061-2065	-	-	715,000	1,140
Total	\$ 9,540,000	\$ 1,467,024	\$ 19,330,000	\$ 2,057,624

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.

Notes to Financial Statements

The following table sets forth certain information related to Liquidity Providers for variable rate bonds issued and outstanding as of June 30, 2025:

Homeownership Mortgage Bonds	Liquidity Provider	Bond Maturity	Liquidity Provider Rating (Moody's/S&P)	Expiration Date	Bonds Outstanding
2015 Series C	The Authority	11/1/2045	Aa3/NR	11/1/2045	\$ 30,000,000
2020 Series B	The Authority	11/1/2041	Aa3/NR	11/1/2041	\$ 33,000,000
2015 Series E	Bank of America	11/1/2037	Aa2/A+	5/1/2030	\$ 25,000,000 *
2020 Series D	Bank of America	5/1/2043	Aa2/A+	2/10/2027	\$ 33,000,000 *
2022 Series D	FHLB of Des Moines	11/1/2046	Aaa/AA+	6/23/2027	\$ 33,000,000 *
2022 Series F	The Authority	11/1/2046	Aa3/NR	11/1/2046	\$ 17,000,000
2023 Series C	The Authority	11/1/2047	Aa3/NR	11/1/2047	\$ 23,000,000
2023 Series F	FHLB of Des Moines	5/1/2048	Aaa/AA+	10/4/2028	\$ 25,000,000 *
2023 Series I	FHLB of Des Moines	11/1/2048	Aaa/AA+	12/13/2028	\$ 20,000,000 *
Multiple Purpose Bonds	Liquidity Provider	Bond Maturity	Liquidity Provider Rating (Moody's/S&P)	Expiration Date	Bonds Outstanding
2009 Series A	The Authority	11/1/2048	Aa3/NR	11/1/2048	\$ 5,660,000
2020 Series A	FHLB of Des Moines	11/1/2062	Aaa/AA+	6/30/2028	\$ 13,625,000 *

* Various terms and rates as set forth in each liquidity agreement

Note 7 - Conduit Debt Obligations:

The Authority has issued certain conduit bonds under the Multifamily Housing Revenue Bonds Resolution adopted April 15, 1991, the proceeds of which were made available to developers for the construction or rehabilitation of multifamily housing. The bonds and the interest thereon are a limited obligation of the issuer, payable solely from the trust estate pledged therefore under this indenture. The faith and credit of the Authority is not pledged for the payment of the principal and interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

As of June 30, 2025 and 2024, the aggregate principal amount of conduit debt outstanding totaled \$54,376,048 and \$56,468,935, respectively.

Note 8 - Refunding of Debt:

During the year ended June 30, 2025, the Authority issued Homeownership Mortgage Bonds Series 2024C and 2025A in the aggregate principal amounts of \$200 million and \$159 million respectively, of which \$96.8 million and \$21.2 million, respectively, of bond proceeds were used to refund previously issued bonds for the sole purpose of recycling volume cap utilized for the issuance of the refunded bonds.

During the year ended June 30, 2024, the Authority issued Homeownership Mortgage Bonds Series 2023D in the aggregate principal amount of \$99 million, of which 52.1 million of bond proceeds were used to refund previously issued bonds for the sole purpose of recycling the volume cap utilized for the issuance of the refunded bonds.

Notes to Financial Statements

Note 9 - 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.

Swap Terms:

The terms, including the fair values and counterparty credit ratings of the outstanding swaps as of June 30, 2025 and 2024, 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	Rate Payable	Rate Receivable	Counterparty Credit Rating*	Fair Value June 30, 2025	Increase (Decrease) in Fair Value for the Fiscal Year Ended June 30, 2025	Fair Value June 30, 2024	Increase (Decrease) in Fair Value for the Fiscal Year Ended June 30, 2024
Wells Fargo Bank									
2015 E-1	25,000,000	4/1/2016 11/1/2037	2.1050%	66.4% of LIBOR plus 0.22%	Aa1	\$ 1,269,007	\$ (625,469)	\$ 1,894,476	\$ 182,478
2016 E-1	50,000,000	5/1/2019 5/1/2037	2.2080%	66.4% of LIBOR plus 0.23%	Aa1	2,564,823	(1,274,363)	3,839,186	446,646
2020 D	33,000,000	8/12/2020 5/1/2043	0.9280%	100% SIFMA	Aa1	6,518,845	(742,292)	7,261,137	373,180
MPB 2020 A	13,625,000	12/7/2020 5/1/2060	1.3100%	100% SIFMA	Aa1	2,672,485	(128,320)	2,800,805	261,735
Bank of America									
2022 D	33,000,000	6/23/2022 11/1/2046	2.3490%	70.0% of SOFR plus 0.08%	Aa1	3,139,762	(332,146)	3,471,908	1,155,213
2023 F	25,000,000	10/4/2023 11/1/2047	4.8100%	100% SOFR plus 0.15%	Aa1	31,314	(290,651)	321,965	321,965
Bank of New York Mellon									
2020 B	33,000,000	2/12/2020 11/1/2041	1.6525%	100% SIFMA	Aa1	3,681,045	(791,889)	4,472,934	346,776
2022 F	17,000,000	10/13/2022 11/1/2046	4.3770%	100% SOFR plus 0.15%	Aa1	669,023	(244,890)	913,913	882,646
2023 C	23,000,000	2/15/2023 11/1/2047	3.9500%	100% SOFR plus 0.15%	Aa1	1,971,702	(300,340)	2,272,042	1,218,300
2023 I	20,000,000	12/13/2023 5/1/2048	5.1750%	100% SOFR plus 0.15%	Aa1	(611,238)	(217,346)	(393,892)	(393,892)
						<u>\$ 21,906,768</u>		<u>\$ 26,854,474</u>	

*Moody's Investor Service

(continued on next page)

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, along with considerations for non-performance risk, 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, 2025 and 2024. 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.

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, 2025 and 2024, 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, the Authority receives a variable rate based upon either the one-month taxable London Interbank Offered Rate (LIBOR) rate (replacement rate for LIBOR being the Secured Overnight Financing Rate (SOFR) Fallback Rate), or the Securities Industry and Financial Markets Association (SIFMA) rate. Basis risk will vary over time due to inter-market conditions. For the years ended June 30, 2025 and 2024, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.42% and 1.31% per annum, respectively, while the weighted average interest rate on the swaps was 1.51% and 1.50% 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 applicable swap index.

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.

Notes to Financial Statements

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 bonds associated with swaps will be limited to thirty percent (30%) of the total of all outstanding bonds under the related indenture at the time bonds associated with swaps are issued. The total outstanding bonds associated with swaps with a single counterparty will not exceed \$150,000,000.

Swap Payments and Associated Debt: Variable-rate bond interest payments and net swap payments will vary during their term. Future debt service requirements of the variable-rate debt and net swap payments as of June 30, 2025, are as follows:

Year Ended June 30	Variable Rate Bond		Interest Rate	
	Principal	Interest	Swap - Net	Total
2026	\$ 340,000	\$ 7,462,736	\$ (1,636,795)	\$ 6,165,941
2027	340,000	7,456,208	(1,634,733)	6,161,475
2028	350,000	7,447,115	(1,631,126)	6,165,989
2029	355,000	7,405,340	(1,819,670)	5,940,670
2030	6,460,000	7,320,732	(2,494,195)	11,286,537
2031-2035	72,445,000	33,146,420	(10,866,739)	94,724,681
2036-2040	70,070,000	25,716,680	(5,755,897)	90,030,783
2041-2045	82,000,000	14,855,273	(1,828,059)	95,027,214
2046-2050	36,865,000	2,559,110	(508,217)	38,915,893
2051-2055	1,275,000	360,192	(354,769)	1,280,423
2056-2060	2,125,000	232,224	(228,727)	2,128,497
	<u>\$ 272,625,000</u>	<u>\$ 113,962,030</u>	<u>\$ (28,758,927)</u>	<u>\$ 357,828,103</u>

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, 2025 and 2024.

Notes to Financial Statements

Note 10 - Fair Value:

The Authority had the following recurring fair value measurements as of June 30, 2025:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments by fair value level			
U.S. Treasuries	\$ -	\$ 66,285,320	\$ -
U.S. Government agencies	-	1,929,861,813	-
Corporate-backed obligations	-	2,471,754	-
Money market mutual funds	437,008,909	-	-
State obligations	-	4,831,746	-
Total investments by fair value level	<u>\$ 437,008,909</u>	<u>\$ 2,003,450,633</u>	<u>\$ -</u>
Hedging derivative instruments			
Assets			
Interest rate swaps	\$ -	\$ 22,518,006	\$ -
	<u>\$ -</u>	<u>\$ 22,518,006</u>	<u>\$ -</u>
Liabilities			
Interest rate swaps	\$ -	\$ 611,238	\$ -
	<u>\$ -</u>	<u>\$ 611,238</u>	<u>\$ -</u>

The Authority had the following recurring fair value measurements as of June 30, 2024:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments by fair value level			
U.S. Treasuries	\$ -	\$ 75,827,914	\$ -
U.S. Government agencies	-	1,542,541,335	-
Corporate-backed obligations	-	2,799,350	-
Money market mutual funds	334,525,491	-	-
Certificates of deposit	-	248,918	-
State obligations	-	5,596,015	-
Total investments by fair value level	<u>\$ 334,525,491</u>	<u>\$ 1,627,013,532</u>	<u>\$ -</u>
Hedging derivative instruments			
Assets			
Interest rate swaps	\$ -	\$ 27,248,366	\$ -
	<u>\$ -</u>	<u>\$ 27,248,366</u>	<u>\$ -</u>
Liabilities			
Interest rate swaps	\$ -	\$ 393,892	\$ -
	<u>\$ -</u>	<u>\$ 393,892</u>	<u>\$ -</u>

(continued on next page)

Notes to Financial Statements

The Authority obtains its fair value pricing on investments from their third-party trustee. There are multiple pricing methodologies which are used to value the Authority's U.S. Treasury and Government Agency securities, Money Market Mutual Funds, Investment Agreements, Certificates of Deposit, and State Obligations. These methods include, but are not limited to, gathering pricing from multiple market sources and vendor credit information, observed market movements, sector news into the pricing applications and models, or manual methods.

Money Market Mutual Funds classified as Level 1 are valued using quoted prices in active markets for those securities. Since the Authority's debt security investments are not actively traded on an exchange and rely on significant observable inputs for fair value pricing, these securities are classified as Level 2.

The Authority obtains its fair value pricing on interest rate swaps and forward MBS contracts from a third-party vendor. See Note 9 for further description of the fair value methodology for derivative instruments.

Note 11 - 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.

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:

	2025	2024
Bond and notes reserve	\$ 5,567,567	\$ 4,490,588
Program operations reserve	6,532,816	6,162,643
Total	<u>\$ 12,100,383</u>	<u>\$ 10,653,231</u>

Note 12 - Commitments:

As of 2025, the Authority had the following Homeownership Mortgage Program commitments:

- Commitments to fund the Homeownership Mortgage Program aggregating \$134,868,280.
-

Notes to Financial Statements

Note 13 - 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 years ended June 30, 2025 and 2024, for the Homeownership Mortgage Program Bonds, Single Family Mortgage Bonds, and the Multiple Purpose Bonds follows:

	2025			2024		
	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)	\$ 21,364,254	\$ (11,915,039)	\$ (1,050,995)	\$ 21,099,791	\$ (11,958,403)	\$ (2,508,291)
Current assets	743,646,042	8,956,512	26,809,961	639,784,820	8,889,118	26,250,722
Noncurrent assets	1,861,354,132	13,608,037	64,028,322	1,479,093,177	15,397,389	64,600,088
Total Assets	2,626,364,428	10,649,510	89,787,288	2,139,977,788	12,328,104	88,342,519
Deferred Outflows of Resources	2,388,759	-	-	2,306,723	-	-
Total Assets and Deferred Outflows of Resources	\$ 2,628,753,187	\$ 10,649,510	\$ 89,787,288	\$ 2,142,284,511	\$ 12,328,104	\$ 88,342,519
Liabilities						
Current liabilities	\$ 77,909,290	\$ 1,315,149	\$ 479,510	\$ 175,163,885	\$ 1,037,232	\$ 475,403
Noncurrent liabilities	2,192,588,684	8,339,607	18,902,240	1,643,306,318	10,881,412	19,330,000
Total Liabilities	2,270,497,974	9,654,756	19,381,750	1,818,470,203	11,918,644	19,805,403
Deferred Inflows of Resources	27,781,677	-	2,672,485	32,914,723	-	2,800,805
Total Liabilities and Deferred Inflows of Resources	2,298,279,651	9,654,756	22,054,235	1,851,384,926	11,918,644	22,606,208
Net Position						
Net investment in capital assets	-	-	(2,483,071)	-	-	(2,436,969)
Restricted by bond indentures	330,473,536	994,754	70,216,124	290,899,585	409,460	68,173,280
Total Liabilities, Deferred Inflows, and Net Position	\$ 2,628,753,187	\$ 10,649,510	\$ 89,787,288	\$ 2,142,284,511	\$ 12,328,104	\$ 88,342,519
Condensed Statement of Revenues, Expenses, and Changes in Net Position						
Operating revenues	\$ 134,372,538	\$ 1,183,156	\$ 4,181,125	\$ 65,912,567	\$ 1,101,464	\$ 3,468,470
Operating expenses	88,218,903	597,862	684,383	59,177,074	612,687	762,976
Operating income	46,153,635	585,294	3,496,742	6,735,493	488,777	2,705,494
Transfers in (out)	(6,579,684)	-	(1,500,000)	(5,187,904)	75,000	(3,000,000)
Change in net position	39,573,951	585,294	1,996,742	1,547,589	563,777	(294,506)
Beginning net position	290,899,585	409,460	65,736,311	289,351,996	(154,317)	66,030,817
Ending net position	\$ 330,473,536	\$ 994,754	\$ 67,733,053	\$ 290,899,585	\$ 409,460	\$ 65,736,311
Condensed Statement of Cash Flows						
Net cash provided (used) by:						
Operating activities	\$ (380,968,556)	\$ 2,000,852	\$ (4,358,295)	\$ (321,469,193)	\$ 2,399,134	\$ (4,140,928)
Noncapital financing activities	368,504,170	(2,693,955)	(2,137,321)	369,180,437	(2,881,565)	(3,643,981)
Capital and related financing activities	-	-	(297,931)	-	-	(315,339)
Investing activities	104,871,224	1,032,085	16,531,145	(61,511,512)	1,245,895	14,008,963
Net change	92,406,838	338,982	9,737,598	(13,800,268)	763,464	5,908,715
Beginning cash and cash equivalents	315,510,176	6,511,286	12,504,029	329,310,444	5,747,822	6,595,314
Ending cash and cash equivalents	\$ 407,917,014	\$ 6,850,268	\$ 22,241,627	\$ 315,510,176	\$ 6,511,286	\$ 12,504,029

Note 14 - Pension Plan:

Plan Information:

All employees working more than 20 hours per week during the year participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid, defined-benefit plan designed with several defined contribution plan-type provisions and is 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 survivors' 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 <https://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant retirement fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85, or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater than or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater than or equal to the accrued liabilities.

(continued on next page)

Notes to Financial Statements

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

All benefits, except those depending on the member's accumulated contributions, are annually increased by the cost-of-living adjustment.

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. The Authority's share of contributions to the SDRS, at 6% of salary for the fiscal years ending June 30, 2025, 2024, and 2023, were \$327,871, \$297,023, and \$250,240, respectively, equal to the required contributions each year.

Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources to Pensions:

At June 30, 2024 and 2023, SDRS is 100.00% and 100.10%, respectively, funded and, accordingly, has a net pension asset. The proportionate shares of the components of the net pension liability (asset) of SDRS, for the Authority as of the measurement period ending June 30, 2024 and 2023, respectively, and reported by the Authority as of June 30, 2025 and 2024, are as follows:

	2025	2024
Proportionate share of total pension liability	\$ 26,323,720	\$ 23,430,580
Less proportionate share of net position restricted for pension benefits	26,330,863	23,446,362
Proportionate share of net pension liability (asset)	<u>\$ (7,143)</u>	<u>\$ (15,782)</u>

At June 30, 2025 and 2024, the Authority reported a liability (asset) of (\$7,143) and (\$15,782), respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024 and 2023, and the total pension liability (asset) used to calculate the net pension liability (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, 2024, the Authority's proportion was 0.176453%, which was an increase of 9% or 0.014759 from its proportion measured as of June 30, 2023, of 0.161694%, which was a decrease of 0.6% or 0.001083 from its proportion measured as of June 30, 2022, of 0.162777%.

For the years ended June 30, 2025 and 2024, the Authority recognized pension expense (reduction of pension expense) of \$155,130, and \$23,546, respectively. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 661,426	\$ -
Changes in assumption	117,763	897,659
Net difference between projected and actual earnings on pension plan investments	269,050	-
Changes in proportion and difference between Authority contributions and proportionate share of contributions	5,486	22,738
Authority contributions subsequent to the measurement date	327,871	-
Total	<u>\$ 1,381,596</u>	<u>\$ 920,397</u>

Notes to Financial Statements

At June 30, 2025, there is \$327,871 reported as deferred outflow of resources related to pensions resulting from Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	
2026	\$ (254,344)
2027	338,859
2028	28,514
2029	19,585
Total	<u>\$ 132,614</u>

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 447,337	\$ -
Changes in assumption	539,526	788,689
Net difference between projected and actual earnings on pension plan investments	105,072	-
Changes in proportion and difference between Authority contributions and proportionate share of contributions	8,389	6,575
Authority contributions subsequent to the measurement date	297,023	-
Total	<u>\$ 1,397,347</u>	<u>\$ 795,264</u>

At June 30, 2024, there was \$297,023 reported as deferred outflow of resources related to pensions resulting from Authority contributions subsequent to the measurement date that was recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Actuarial Assumptions:

The total pension liability (asset) in the SDRS June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount rate	6.50% net of plan investment expense. This is composed an average inflation rate of 2.5% and real returns of 4.00%.
Future COLAS	1.71%

Notes to Financial Statements

All mortality rates were based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020.

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

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, 2024, (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	56.3 %	3.6 %
Investment Grade Debt	22.8	2.3
High Yield Debt	7.0	2.8
Real Estate	12.0	4.0
Cash	1.9	0.8
Total	<u>100.0 %</u>	

Notes to Financial Statements

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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 liability (asset).

Sensitivity of Asset to Changes in the Discount Rate:

The following presents the Authority's proportionate share of net pension liability (asset) as of June 30, 2025, calculated using the discount rate of 6.50%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net pension liability (asset)	\$ 3,629,571	\$ (7,143)	\$ (2,983,107)

Pension Plan Fiduciary Net Position:

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

Note 15 - 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.

Note 16 - 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, 2025 and 2024, the Authority managed its risks as follows:

The Authority purchased insurance over property, workers' compensation, cyber, and health insurance for its employees from a commercial carrier. The Authority purchased its liability, errors and omissions, and employee practices liability coverage through its participation in the South Dakota Authority Captive Insurance Company, a component unit of the State of South Dakota. 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.

Notes to Financial Statements

Note 17 - Capital Assets:

	Beginning Balance July 1, 2024	Increase	Decrease	Ending Balance June 30, 2025
Capital assets not depreciated:				
Land	\$ 220,409	\$ -	\$ -	\$ 220,409
Total capital assets not depreciated	220,409	-	-	220,409
Capital assets depreciated:				
Buildings	4,999,915	-	-	4,999,915
Land improvements	1,261,943	-	-	1,261,943
Furniture and equipment	4,878,019	598,280	472,691	5,003,608
Total capital assets depreciated	11,139,877	598,280	472,691	11,265,466
Total capital assets	11,360,286	598,280	472,691	11,485,875
Less accumulated depreciation for:				
Buildings	1,982,575	127,748	-	2,110,323
Land improvements	965,453	29,622	-	995,075
Furniture and equipment	4,021,118	271,390	467,798	3,824,710
Total accumulated depreciation	6,969,146	428,760	467,798	6,930,108
Capital assets, net	\$ 4,391,140	\$ 169,520	\$ 4,893	\$ 4,555,767

	Beginning Balance July 1, 2023	Increase	Decrease	Ending Balance June 30, 2024
Capital assets not depreciated:				
Land	\$ 220,409	\$ -	\$ -	\$ 220,409
Total capital assets not depreciated	220,409	-	-	220,409
Capital assets depreciated:				
Buildings	4,999,915	-	-	4,999,915
Land improvements	1,261,943	-	-	1,261,943
Furniture and equipment	4,617,260	306,858	46,099	4,878,019
Total capital assets depreciated	10,879,118	306,858	46,099	11,139,877
Total capital assets	11,099,527	306,858	46,099	11,360,286
Less accumulated depreciation for:				
Buildings	1,854,827	127,748	-	1,982,575
Land improvements	935,832	29,621	-	965,453
Furniture and equipment	3,801,575	265,642	46,099	4,021,118
Total accumulated depreciation	6,592,234	423,011	46,099	6,969,146
Capital assets, net	\$ 4,507,293	\$ (116,153)	\$ -	\$ 4,391,140

Notes to Financial Statements

Note 18 - Accounts Payable and Other Accruals:

Payables at June 30, 2025 and 2024, were as follows:

	2025	2024
Accounts Payable		
Contractual/Forex	\$ 41,975	\$ 81,179
Travel/moving costs	17,228	35,493
Office/marketing	165,620	69,909
Maintenance	34,083	26,726
Cost of issuance	485,617	7,880
General	864,747	1,082,470
Prepaid sales	-	500,885
Excise/unemployment tax	39,113	9,121
Materials/tools	756,662	825,747
	<u>2,405,045</u>	<u>2,639,410</u>
Other Liabilities		
Amount held for SD Homebuilders Association	950,000	950,000
Accrued leave	708,266	721,911
Accrued payroll/taxes	34,193	30,229
Employee withholdings	12	71
Servicing fee	24,923	29,513
Arbitrage payable	<u>2,799,766</u>	<u>2,286,824</u>
Total Accounts Payable and Other Liabilities	6,922,205	6,657,958
Current Liabilities	<u>3,020,317</u>	3,098,230
Noncurrent Liabilities	<u>\$ 3,901,888</u>	<u>\$ 3,559,728</u>

Note 19 - Subsequent Events

In October 2025, the Authority issued Homeownership Mortgage Bonds Series 2025EFG in the aggregate principal amount of \$150 million, the proceeds of which are anticipated to be used to finance the Homeownership Mortgage Loan Program. In addition, the Authority entered into an interest rate swap agreement related to the 2025 Series G Bonds.

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South Dakota Housing Development Authority

Required Supplementary Information
June 30, 2025

South Dakota Retirement System

Last 10 Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 327,871.00	\$ 327,871.00	\$ 0.00	\$ 5,464,514.90	6.00%
2024	\$ 297,022.82	\$ 297,022.82	\$ 0.00	\$ 4,950,378.28	6.00%
2023	\$ 250,239.50	\$ 250,239.50	\$ 0.00	\$ 4,170,659.16	6.00%
2022	\$ 233,211.51	\$ 233,211.51	\$ 0.00	\$ 3,886,853.95	6.00%
2021	\$ 228,155.74	\$ 228,155.74	\$ 0.00	\$ 3,802,590.88	6.00%
2020	\$ 218,816.67	\$ 218,816.67	\$ 0.00	\$ 3,646,948.06	6.00%
2019	\$ 198,402.90	\$ 198,402.90	\$ 0.00	\$ 3,306,716.31	6.00%
2018	\$ 192,444.64	\$ 192,444.64	\$ 0.00	\$ 3,207,414.93	6.00%
2017	\$ 200,307.96	\$ 200,307.96	\$ 0.00	\$ 3,338,466.72	6.00%
2016	\$ 198,432.96	\$ 198,432.96	\$ 0.00	\$ 3,307,216.68	6.00%

Schedule of Authority's Proportionate Share of the Net Pension Liability (Asset)**As of June 30, 2025****South Dakota Retirement System**

Last 10 Years*

Fiscal Year	District's Proportion of the Net Pension Liability/Asset	District's Proportionate Share of the Net Pension Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2025	0.176453%	\$ (7,142.78)	\$ 4,950,378.28	0.14%	100.00%
2024	0.161694%	\$ (15,782.06)	\$ 4,170,659.16	0.38%	100.10%
2023	0.162777%	\$ (15,383.44)	\$ 3,886,853.95	0.40%	100.10%
2022	0.167565%	\$ (1,283,261.12)	\$ 3,802,590.88	33.75%	105.52%
2021	0.166171%	\$ (7,216.76)	\$ 3,646,948.06	0.20%	100.04%
2020	0.155522%	\$ (16,481.06)	\$ 3,306,716.31	0.50%	100.09%
2019	0.154284%	\$ (3,598.26)	\$ 3,207,414.93	0.11%	100.02%
2018	0.164311%	\$ (14,911.42)	\$ 3,338,466.72	0.45%	100.10%
2017	0.173927%	\$ 587,507.30	\$ 3,307,216.68	17.76%	96.89%
2016	0.162348%	\$ (688,564.68)	\$ 2,964,016.68	23.23%	104.10%

* The amounts presented for each year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of previous fiscal year.

Changes from Prior Valuation

The June 30, 2024, actuarial valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023, actuarial valuation.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes

During the 2024 legislative session, no significant SDRS benefit changes were made.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that, if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023, actuarial valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024, actuarial valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027, actuarial valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027, actuarial valuation.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

South Dakota Housing Development Authority

Supplementary Information
June 30, 2025

Supplemental Schedule of Net Position

As of June 30, 2025

	General Operating Account	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Combined Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 213,302,295	\$ 407,917,014	\$ 6,850,268	\$ 22,241,627	\$ 650,311,204
Investment securities - other	-	3,443,538	-	3,594,041	7,037,579
Investments - program mortgage-backed securities	-	301,202,580	-	-	301,202,580
Mortgage loans receivable, net	11,999,819	21,351,333	2,022,580	595,205	35,968,937
Interest receivable	-	9,731,577	83,664	379,088	10,194,329
Other receivables	2,429,904	-	-	-	2,429,904
Other assets	5,004,495	-	-	-	5,004,495
Total Current Assets	232,736,513	743,646,042	8,956,512	26,809,961	1,012,149,028
Noncurrent Assets					
Investment securities - other	-	159,424,794	3,583,771	26,550,380	189,558,945
Investments - program mortgage-backed securities	-	1,505,651,529	-	-	1,505,651,529
Mortgage loans receivable, net	100,767,088	105,707,204	10,024,266	31,733,528	248,232,086
Line of credit receivable	-	68,537,154	-	-	68,537,154
Other receivables	7,143	2,187,930	-	-	2,195,073
Hedging derivatives	-	19,845,521	-	2,672,485	22,518,006
Capital assets, net	1,483,838	-	-	3,071,929	4,555,767
Due from (to) other funds	(8,398,220)	21,364,254	(11,915,039)	(1,050,995)	-
Total Noncurrent Assets	93,859,849	1,882,718,386	1,692,998	62,977,327	2,041,248,560
Total Assets	326,596,362	2,626,364,428	10,649,510	89,787,288	3,053,397,588
Deferred Outflows of Resources					
Loss on refundings	-	1,777,521	-	-	1,777,521
Swaps	-	611,238	-	-	611,238
Related to pensions	1,381,596	-	-	-	1,381,596
Total Assets and Deferred Outflows of Resources	\$ 327,977,958	\$ 2,628,753,187	\$ 10,649,510	\$ 89,787,288	\$ 3,057,167,943

(continued on next page)

Supplemental Schedule of Net Position

As of June 30, 2025

	General Operating Account	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Combined Total
Liabilities					
Current Liabilities					
Bonds payable	\$ -	\$ 64,468,480	\$ 1,260,000	\$ 450,000	\$ 66,178,480
Accrued interest payable	-	13,150,044	51,697	29,510	13,231,251
Unearned revenue	4,095,130	-	-	-	4,095,130
Accounts payable and other liabilities	2,726,099	290,766	3,452	-	3,020,317
Multifamily escrows and reserves	823,723	-	-	-	823,723
Total Current Liabilities	7,644,952	77,909,290	1,315,149	479,510	87,348,901
Noncurrent Liabilities					
Bonds payable	-	2,189,469,216	8,339,607	18,880,000	2,216,688,823
Accounts payable and other liabilities	1,371,418	2,508,230	-	22,240	3,901,888
Unearned revenue	52,187,586	-	-	-	52,187,586
Hedging derivatives	-	611,238	-	-	611,238
Total Noncurrent Liabilities	53,559,004	2,192,588,684	8,339,607	18,902,240	2,273,389,535
Total Liabilities	61,203,956	2,270,497,974	9,654,756	19,381,750	2,360,738,436
Deferred Inflows of Resources					
Gain on refundings	-	7,936,156	-	-	7,936,156
Swaps	-	19,845,521	-	2,672,485	22,518,006
Related to pensions	920,397	-	-	-	920,397
Total Liabilities and Deferred Inflows of Resources	62,124,353	2,298,279,651	9,654,756	22,054,235	2,392,112,995
Net Position					
Net investment in capital assets	1,483,838	-	-	(2,483,071)	(999,233)
Restricted for pension benefits	468,342	-	-	-	468,342
Restricted by statute	164,585,636	-	-	-	164,585,636
Restricted by bond indentures	-	330,473,536	994,754	70,216,124	401,684,414
Restricted by HOME, HTF, NSP and HAF Program	99,315,789	-	-	-	99,315,789
Total Net Position	265,853,605	330,473,536	994,754	67,733,053	665,054,948
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 327,977,958	\$ 2,628,753,187	\$ 10,649,510	\$ 89,787,288	\$ 3,057,167,943

Supplemental Schedule of Operations and Changes in Net Position

For the Year Ended June 30, 2025

	General Operating Account	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Combined Total
Operating Revenues					
Interest income on mortgage loans	\$ 38,364	\$ 4,253,867	\$ 592,390	\$ 817,215	\$ 5,701,836
Earnings - investments and program mortgage-backed securities	7,061,851	94,351,810	455,845	1,852,226	103,721,732
Net increase (decrease) in fair value of investments and program mortgage-backed securities	1,497,766	35,766,861	134,921	1,502,537	38,902,085
HUD contributions	41,763,618	-	-	-	41,763,618
U.S. Treasury contributions/COVID	33,415,608	-	-	-	33,415,608
Fee, grant and other income	12,128,043	-	-	9,147	12,137,190
Total Operating Revenues	95,905,250	\$ 134,372,538	1,183,156	4,181,125	235,642,069
Operating Expenses					
Interest	-	68,430,613	330,584	427,646	69,188,843
Housing assistance payments HUD	29,855,780	-	-	-	29,855,780
Housing assistance payments/COVID	33,415,608	-	-	-	33,415,608
Servicer fees	-	305,131	56,387	-	361,518
Arbitrage rebate expense (benefit)	-	496,989	-	15,953	512,942
General and administrative	7,828,218	404,040	4,407	155,901	8,392,566
Bond financing costs	-	6,906,103	100,000	68,000	7,074,103
Other housing programs	35,807,186	11,403,985	-	16,883	47,228,054
Provision for loan loss	6,218,268	272,042	106,484	-	6,596,794
Total Operating Expenses	113,125,060	88,218,903	597,862	684,383	202,626,208
Changes in Net Position Before Interfund Transfers	(17,219,810)	46,153,635	585,294	3,496,742	33,015,861
Interfund Transfers	8,079,684	(6,579,684)	-	(1,500,000)	-
Changes in Net Position	(9,140,126)	39,573,951	585,294	1,996,742	33,015,861
Net Position, Beginning of Fiscal Year	274,993,731	290,899,585	409,460	65,736,311	632,039,087
Net Position, End of Fiscal Year	\$ 265,853,605	\$ 330,473,536	\$ 994,754	\$ 67,733,053	\$ 665,054,948

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
2024 Series C	9/18/2024	various	59,322,662	\$ -	\$ 59,322,662
2025 Series A	2/20/2025	various	48,366,901	-	48,366,901
2025 Series C	6/17/2025	various	108,176,295	-	108,176,295
2025 Series D	6/17/2025	various	33,991,140	-	33,991,140
			<u>\$ 249,856,998</u>		

TABLE II

Type of Home Financed with Outstanding Homeownership Mortgage Loans

Type of Home	Number of Homes
Single Family Detached	94.99%
Single Family Townhouse/Condominium	2.97%
Two-Four Unit	0.51%
Modular-Manufactured	1.53%
	<u>100.00%</u>

TABLE III

Outstanding Step Homeownership Mortgage Loans

Years Outstanding	Number	Principal Amount
1	-	\$ -
2	-	-
3	-	-
4	-	-
5 or more	144	4,170,982
Total	<u>144</u>	<u>\$ 4,170,982</u>

TABLE IV

Outstanding Homeownership Mortgage Loans

Interest Rate	Outstanding Number	Outstanding Principal Amount	Interest Rate	Outstanding Number	Outstanding Principal Amount
3.750%	17	1,017,605	6.125%	5	403,290
3.850%	2	178,130	6.150%	1	51,953
4.125%	32	1,650,408	6.250%	10	375,244
4.250%	7	391,973	6.375%	1	67,515
4.375%	47	2,917,431	6.400%	13	177,187
4.500%	23	1,217,721	6.450%	2	50,480
4.625%	9	643,456	6.500%	90	1,497,334
4.750%	329	12,759,904	6.625%	2	99,245
4.850%	32	1,871,769	6.650%	11	144,582
4.870%	31	1,966,348	6.750%	7	66,421
4.950%	322	11,414,235	6.850%	9	119,354
5.000%	13	674,323	6.890%	4	23,923
5.125%	58	2,498,891	6.900%	7	103,765
5.150%	53	2,087,021	6.950%	18	376,805
5.250%	122	5,615,109	7.110%	20	227,736
5.375%	63	2,875,437	7.250%	10	56,843
5.425%	13	661,286	7.300%	2	42,593
5.450%	10	394,820	7.360%	2	10,122
5.500%	204	8,767,408	7.400%	5	93,567
5.625%	17	922,140	7.450%	3	46,086
5.750%	23	1,086,105	7.550%	3	57,166
5.850%	45	2,366,034	7.600%	3	7,707
5.950%	205	5,300,253	7.650%	1	22,839
6.000%	30	1,128,964	7.950%	2	8,167
				1,938	\$ 74,536,695

TABLE V

Type of Mortgage Insurance for Outstanding Homeownership Mortgage Loans

Insurer or Guarantor		Percent of Principal Amount
FHA		32.36%
VA		3.91%
USDA Rural Development		43.56%
Private Mortgage Insurance		
Mortgage Guaranty Insurance Company	0.15%	
Genworth	0.00%	
PMI	0.01%	
United Guaranty Insurance	0.00%	
CMG Mortgage Insurance Company	0.00%	
Total PMI Insured Mortgage Loans		0.16%
Total Insured Mortgage Loans		79.99%
Uninsured		20.01%
Total All Mortgage Loans		100.00%

TABLE VI

Servicers of Outstanding Homeownership Mortgage Loans

Servicer	Principal Amount
First Interstate	\$ 51,080,449
CorTrust Mortgage	15,300,858
First Bank & Trust	4,396,092
Bankwest	2,971,819
CU Mortgage	787,477
	<u>\$ 74,536,695</u>

TABLE VII

Homeownership Mortgage Loan Delinquencies and Foreclosures

	Homeownership Program		NIBP Program	
	As of 6/30/2025	As of 6/30/2024	As of 6/30/2025	As of 6/30/2024
31-60 Days (one payment) Delinquent	3.87%	7.27%	5.10%	8.67%
61-90 Days (two payments) Delinquent	1.81%	0.51%	1.96%	0.36%
91 Days or More (three or more payments) Delinquent	1.49%	0.88%	0.78%	0.00%
Total Delinquent	7.17%	8.66%	7.84%	9.03%
In Foreclosure	0.52%	1.08%	0.78%	0.00%

Table VIII

Valuation of Assets

Value of Principal Assets of Homeownership Program	\$ 2,574,853,595
Amount of Outstanding Homeownership Bonds	\$ 2,198,156,646
Parity Calculation	109.62%
Parity Requirement	102.00%
Value of Principal Assets of Single Family Program	\$ 23,295,565
Amount of Outstanding Single Family Bonds	\$ 9,540,000
Parity Calculation	244.19%
Parity Requirement	100.00%
Value of Principal Assets of Multi-Purpose Program	\$ 24,866,504
Amount of Outstanding Multi-Purpose Bonds	\$ 19,330,000
Parity Calculation	128.64%
Parity Requirement	100.00%

Table IX

Special Program Fund of the Authority

Homeownership Program	\$ 165,183,507
Single Family Program	\$ 601,176
Multi-Purpose Program	\$ 43,743,898

Table X

Description of Multifamily Developments

Loans and Developments securing the Outstanding Multiple Purpose Bonds as of June 30, 2025:

Development	Location	Number of Units	Twelve Month Occupancy Average (2)	Initial Loan Amount	Current Loan Amount (3)	Interest Rate	Preservation Loans	
							Amount (3)	Interest Rate
Old Main	Canton	26	NA %	\$ 428,062	\$ -	- %	\$ -	%
Sagewood	Yankton	10	NA	227,825	-	-	-	-
South Sycamore Estates	Sioux Falls	16	56.3	695,690	92,929	0.00	-	-
Edmonton Heights	Gregory	16	67.2	524,000	-	-	118,563	3.00
Pheasant Valley Courtyard	Milbank	60	94.7	1,556,000	145,932	5.00	-	-
Homestead Heights	Bison	16	NA	355,400	-	-	-	-
JARD Apartments	Sisseton	16	NA	343,960	-	-	-	-
Canterbury House	Sioux Falls	50	NA	1,278,200	-	-	-	-
Lynlo Heights	Armour	20	65.0	462,900	-	-	139,359	3.00
The Lidi	Tyndall	24	NA	493,500	-	-	-	-
Huey Apartments	Sioux Falls	46 (1)	NA	1,390,000	-	-	-	-
Bi-Centennial Apts	Aberdeen	48	NA	1,026,244	-	-	-	-
Grandview Apartments	Mitchell	34	NA	734,500	-	-	-	-
Heritage Estates II	Brookings	44	NA	912,000	-	-	-	-
Prairie View	Madison	25 (1)	NA	576,000	-	-	-	-
Maplewood Townhouses	Rapid City	50	NA	2,859,100	-	-	-	-
Canyon Ridge	Yankton	60	NA	1,575,600	-	-	-	-
Lombardi Courts	Mitchell	30	NA	977,500	-	-	-	-
Fifth Avenue South	Aberdeen	50	NA	1,400,000	-	-	-	-
Woodland Hills	Sioux Falls	32	NA	1,100,000	-	-	-	-
The Evans	Hot Springs	86 (1)	84.4	3,094,600	-	-	105,712	2.50
Dakota Square	Aberdeen	55	NA	1,730,300	-	-	-	-
Majestic View Townhouses	Hot Springs	20	76.3	596,630	-	-	-	-
Seneschal Apts	Philip	16	NA	520,000	-	-	-	-
Riverview Townhouses	Philip	10	NA	320,000	-	-	-	-
Gateway I Apts	Kadoka	16	NA	479,000	-	-	-	-
The Sherman	Aberdeen	51	NA	1,950,000	-	-	-	-
Parkview Apts	Madison	28	NA	890,000	-	-	-	-
Oakwood Apts	Vermillion	28	NA	890,000	-	-	-	-
Arthur Courts	Redfield	16	NA	510,000	-	-	-	-
Terrawood Townhouses	Sioux Falls	4	NA	100,900	-	-	-	-
Beadle Plaza	Sioux Falls	44	NA	1,353,096	-	-	-	-
St. Cloud Apts	Rapid City	16 (1)	NA	562,000	-	-	-	-
Gateway II Apts	Kadoka	14	NA	463,800	-	-	-	-
Grand Valley Apts	Newell	12	NA	368,600	-	-	-	-
Sir Charles	Yankton	34	NA	1,184,200	-	-	-	-
Timberland	Lead	24	80.2	85,300	-	-	892,912	3.75-5.00
Collins Apts	Sioux Falls	23	NA	670,000	-	-	-	-
Baha Townhouses	Sioux Falls	21	NA	778,900	-	-	-	-
Hospitality Apts	Sioux Falls	22	NA	461,599	-	-	-	-
Whiting Court	Yankton	17	NA	601,284	-	-	-	-
Prairie West	Lemmon	24	NA	630,900	-	-	-	-
Sun Rise Apts	Aberdeen	27	NA	474,500	-	-	-	-
Cedar Apts	Brookings	32	NA	1,068,800	-	-	-	-
The Lidi II	Tyndall	10 (1)	NA	255,000	-	-	-	-
Gold Mountain Apt.	Lead	20	99.2	272,490	183,427	9.65	115,567	0.00
Calypso Court	Chamberlain	16	NA	550,000	-	-	-	-
Riverview Park	Sioux Falls	50	NA	1,873,700	-	-	-	-
Olive Grove Apts	Sioux Falls	19	NA	601,271	-	-	-	-
Sunnycrest	Sioux Falls	60	97.3	7,320,000	5,236,197	3.55 - 4.65	-	-
Sunnycrest	Sioux Falls	60	97.3	8,500,000	8,051,921	3.50	-	-
				<u>\$ 58,073,351</u>	<u>\$ 13,710,406</u>		<u>\$ 1,372,113</u>	

(1) One unit, or in the case of Huey Apartments and The Lidi II, two units, are not the subject of housing assistance payments under the Section 8 Program.

(2) Occupancy rate for the twelve month period ending June 30, 2025.

(3) Amounts are balances as of June 30, 2025.

Table XI

Outstanding Guaranteed Mortgage Securities as of June 30, 2025:

Pass Through Rate	Principal Amount	Pass Through Rate	Principal Amount
1.6750	\$ 159,522	5.0500	13,200,783
1.8000	865,922	5.1250	39,926,664
1.9250	7,966,758	5.1450	1,406,336
2.0000	41,403,973	5.1550	8,762,479
2.0250	493,723	5.1650	1,581,924
2.0300	95,102	5.1750	6,243,957
2.0500	456,868	5.2500	47,323,741
2.1750	13,214,184	5.2700	3,798,076
2.2500	1,617,761	5.2800	12,533,398
2.2750	1,014,557	5.2900	459,546
2.2800	286,772	5.3000	8,000,749
2.3000	20,275,282	5.3750	20,823,980
2.4250	24,051,318	5.3950	11,940,060
2.5000	210,006,062	5.4050	40,196,739
2.5250	1,104,757	5.4150	2,815,426
2.5300	53,190	5.4250	8,642,646
2.5500	12,274,318	5.5000	204,210,930
2.6250	281,315	5.5300	14,149,833
2.6500	331,634	5.5500	7,772,299
2.6750	12,360,270	5.6250	16,091,435
2.7500	747,334	5.6750	10,474,928
2.7750	723,017	5.7500	8,245,360
2.8000	10,759,142	5.7700	288,273
2.8750	42,730	5.7800	14,951,246
2.9000	182,375	5.8000	7,889,493
2.9250	16,248,643	5.8750	13,138,848
3.0000	112,848,145	5.8950	773,246
3.0250	2,528,610	5.9050	19,695,414
3.0500	8,884,657	5.9150	740,762
3.1250	40,443	5.9250	6,832,880
3.1500	598,710	6.0000	165,679,677
3.1750	5,094,336	6.0200	833,904
3.2500	249,673	6.0300	12,677,679
3.2750	1,723,567	6.0500	2,416,006
3.3000	8,057,854	6.1250	4,154,799
3.3750	110,562	6.1450	1,716,815
3.4000	22,953	6.1550	19,753,463
3.4250	5,054,473	6.1750	2,108,610
3.5000	51,765,449	6.2500	311,021.00
3.5250	1,193,827	6.2700	2,570,024.00
3.5500	11,681,234	6.2800	16,193,882
3.6500	579,918	6.2900	303,275
3.6750	4,247,761	6.3000	2,097,560
3.7750	905,200	6.3750	241,319
3.8000	2,285,117	6.4050	4,506,332
3.9000	40,450	6.4250	1,326,122
3.9250	3,221,919	6.5000	93,996,566
4.0000	33,568,665	6.5300	4,854,612
4.0500	1,106,641	6.5500	2,885,112
4.1750	8,989,047	6.6250	991,614
4.2750	87,941	6.6450	235,642
4.3000	3,479,864	6.6550	6,081,131
4.4250	10,938,216	6.6750	1,596,594
4.4500	49,558	6.7500	688,885
4.5000	30,714,807	6.7700	853,173
4.5500	3,206,937	6.7800	2,095,618
4.5750	40,930	6.8000	966,666
4.6250	23,297	6.8750	1,024,979
4.6750	6,376,722	6.9050	3,069,019
4.7500	2,089,327	7.0000	22,785,681
4.7800	606,192	7.0300	2,568,360
4.7900	1,775,444	7.0500	355,705
4.8000	3,831,902	7.1550	356,963
4.8750	3,749,222	7.1750	634,928
4.9250	3,233,828	7.2800	913,722
5.0000	216,593,429	7.4050	153,263
5.0200	488,730	7.5000	1,716,734
5.0300	7,323,584		
5.0400	2,562,578		
		Total	\$ 1,877,615,154