South Dakota Housing Development Authority

Financial Report

June 30, 2013 and 2012

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of South Dakota Housing Development Authority, a component unit of the State of South Dakota, which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of South Dakota Housing Development Authority, as of June 30, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise South Dakota Housing Development Authority's financial statements. The supplementary schedules set forth on pages 34 through 36 are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated Octobe 31, 2013 on our consideration of South Dakota Housing Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Dakota Housing Development Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Aberdeen, South Dakota
October 31, 2013

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, 2013 (FY 2013) and 2012 (FY 2012). This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. This analysis should be read in conjunction with the Independent Auditor's Report, financial statements, notes to the financial statements, and supplementary information.

The Authority

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

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

Basic Financial Statements

The basic financial statements include three required statements that provide different views of the Authority. They are the Statement of Net Position, the Statement of Revenues, Expenses, and Change in Net Position, the Statement of Cash Flows, and the accompanying Notes to the Financial Statements.

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

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

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

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

Changes in Financial Position

The following tables show the significant changes that have taken place over the past three fiscal years ended FY 2013, FY 2012 and June 30, 2011 (FY 2011) 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 2013	FY 2012	FY 2011	% Change 2013/2012	% Change 2012/2011
Revenues:					
Interest on mortgages	$ 59.8	$ 74.5	$ 80.6	-19.7%	-7.6%
Investment income	14.4	17.4	20.4	-17.2%	-14.7%
Increase (decrease) in fair market value of investments	(22.6)	3.1	(6.9)	-829.0%	-144.9%
HUD contributions	31.9	36.8	47.6	-13.3%	-22.7%
Other income	6.9	4.8	6.4	43.8%	-25.0%
Total revenues	90.4	136.6	148.1	-33.8%	-7.8%
Expenses:					
Interest	54.6	67.8	73.1	-19.5%	-7.3%
Servicer fees	3.3	4.2	4.5	-21.4%	-6.7%
Arbitrage rebate provision (benefit)	(1.8)	(1.5)	(2.6)	20.0%	-42.3%
General and administrative	5.8	5.8	6.1	0.0%	-4.9%
Housing assistance payments	23.9	24.5	24.7	-2.4%	-0.8%
Other	11.3	13.6	25.5	-16.9%	-46.7%
Total expenses	97.1	114.4	131.3	-15.1%	-12.9%
Change in net position	$ (6.7)	$ 22.2	$ 16.8	-130.2%	32.1%

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

	FY 2013	FY 2012	FY 2011	% Change 2013/2012	% Change 2012/2011
Assets:					
Cash and equivalents	$ 166.5	$ 153.2	$ 241.2	8.7%	-36.5%
Investments	594.2	510.0	423.2	16.5%	20.5%
Mortgages and securities	1,131.2	1,443.0	1,588.8	-21.6%	-9.2%
Interest receivable	9.1	10.4	11.3	-12.5%	-8.0%
Deferred costs	10.6	12.0	12.5	-11.7%	-4.0%
Capital assets	6.6	6.5	6.5	1.5%	0.0%
Other	3.4	3.7	4.1	-8.1%	-9.8%
Total assets	1,921.6	2,138.8	2,287.6	-10.2%	-6.5%
Deferred Outflow of Resources					
Deferred swap outflow	24.6	37.0	24.1	-33.5%	53.5%
Total assets and deferred outflows	$ 1,946.2	$ 2,175.8	$ 2,311.7	-10.6%	-5.9%
Liabilities:					
Current bonds payable	$ 46.2	$ 49.4	$ 185.8	-6.5%	-73.4%
Interest payable	8.2	10.3	11.3	-20.4%	-8.8%
Fair value of interest rate swaps	24.6	37.0	24.1	-33.5%	53.5%
Other	16.1	19.7	22.3	-18.3%	-11.7%
Noncurrent bonds payable	1,381.2	1,583.1	1,614.1	-12.8%	-1.9%
Total liabilities	1,476.3	1,699.5	1,857.6	-13.1%	-8.5%
Deferred Inflow of Resources					
Deferred forward contract inflow	0.3	-	-	-	-
Total liabilities and deferred inflows	1,476.3	1,699.5	1,857.6	-13.1%	-8.5%
Net Position:					
Net Investment in capital assets	0.1	(0.1)	(0.1)	-200.0%	0.0%
Restricted by state statute	7.1	6.1	6.0	16.4%	1.7%
Restricted by bond indentures	397.7	410.0	392.9	-3.0%	4.4%
Restricted by HOME and NSP program	64.7	60.3	55.3	7.3%	9.0%
Total net position	469.6	476.3	454.1	-1.4%	4.9%
Total liabilities, deferred inflows, and net position	$ 1,945.9	$ 2,175.8	$ 2,311.7	-10.6%	-5.9%

Financial Highlights for FY 2013

- Total operating revenues decreased 33.8% to $90.4 million for FY 2013, from $136.6 million in FY 2012. Three main factors contributed to this decrease. The investment portfolio experienced unrealized losses of $22.6 million from FY 2012; interest income on loans decreased by $14.7 million from FY 2012 as repayments and prepayments decreased the size of the homeownership loan portfolio; and HUD contributions decreased by $4.9 million due to the sunsetting of federal programs created under the American Recovery and Reinvestment Act of 2009.

- Total operating expenses decreased 15.1% to $97.1 million for FY 2013, from $114.4 million in FY 2012. The primary components of the decrease were grant expense, servicer fees and interest expense. The decrease in grant expense, is a result of the above mentioned decrease in federal revenue, the decrease in servicer fees from the shrinking homeownership loan portfolio; and the decrease in interest expense is caused by the $205.1 million decrease in bonds outstanding at year end.

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- Net position of the Authority for FY 2013 was $469.6 million, which represented a decrease of $6.7 million, or 1.4%, from the FY 2012 net position level.

- Mortgage loans receivable, net of adjustments for the potential for loan loss was $1,131.2 million for FY 2013, which represented a decrease of $311.8 million, or 21.6% for FY 2013, from the FY 2012 level of $1,443 million. In the last of half of FY 2012, the Authority changed its business model from purchasing homeownership loans to purchasing mortgage-backed securities (MBS) secured by homeownership loans. As a result, the homeownership loan portfolio, now in runoff, will continue to shrink as repayments and prepayments are no longer offset by new loans. Instead, the portion of investments represented by MBS will increase as they are purchased in place of loans, as long as bonds can be issued to finance these purchases, otherwise the MBS will be sold to investors and will not become part of the portfolio.

- Interest received on mortgage loans was $59.8 million for FY 2013, which represented a decrease of $14.7 million from the $74.5 million reported in FY 2012. As the loan balance decreased, so did the interest received on loans.

- Investment income was $14.4 million for FY 2013, which represented a decrease of $3.0 million, or 17.2% in FY 2013, from $17.4 million in FY 2012 due to the low interest rates received on new investments. The fair market value decreased by $22.6 million in FY 2013 and increased by $3.1 million in FY 2012. The FY 2013 fair market decrease was a result of rising interest rates at fiscal year end. Ignoring the effects of the net increase (decrease) in fair market value of investments, the change in net position would have been $16 million for FY 2013 compared to $19 million for FY 2012.

- Deferred outflows of resources from interest rate swaps at the end of FY 2013 decreased to $24.6 million from $37.0 million at the end of FY2012, or 33.5%, as a result of an increasing interest rate environment.

- Bonds and notes outstanding of the Authority were $1,427.4 million for FY 2013, which was a decrease of $205.1 million, or 12.6% in FY 2013, from $1,632.5 million in FY 2012 due to more bonds being redeemed or maturing during the year than bonds being issued.

- Interest expense on bonds and notes outstanding decreased $13.2 million, or 19.5% in FY 2013, from $67.8 million in FY 2012 as a result of fewer bonds outstanding during the year.

- The Authority performed an operating transfer of $2.5 million from the Homeownership Mortgage Loan Program ($2 milion) and the Single Family Mortgage Loan Program ($.5 millon) to the General Operating Account. The Authority transfers up to 1% of loan purchases from the Homeownership Mortgage Loan Program and 0.5% of the outstanding loan balance of the Single Family Mortgage Loan Program to the General Operating Account to pay for operating expenses.

Financial Highlights for FY 2012

- Total operating revenues decreased 7.8% to $136.6 million for FY 2012, from $148.1 million in FY 2011. This decrease is primarily due to sunsetting of federal programs created under the American Recovery and Reinvestment Act of 2009 and the decrease on loan interest income. These decreases were partially offset by the $3.1 million increase for market value adjustments of investments.

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- Total operating expenses decreased 12.9% to $114.4 million for FY 2012, from $131.3 million in FY 2011. The primary components of the decrease were grant and interest expense. A decrease in grant expense, as a result of the above decrease in federal revenue, and a decrease in interest expense, caused by the $168 million decrease in bonds outstanding at year end.

- Net position of the Authority for FY 2012 was $476.3 million, which represented an increase of $22.2 million, or 4.9%, from the FY 2011 net position level.

- Mortgage loans receivable, net of adjustments for the potential for loan loss, were $1,443 million for FY 2012, which represented a decrease of $145.8 million, or 9.2% for FY 2012, from the FY 2011 level of $1,588.8 million. This was a result of repayments, prepayments and loss reserves net of new loan purchases.

- Interest received on mortgage loans was $74.5 million for FY 2012, which represented a decrease of $6.1 million from the $80.6 million reported in FY 2011. As the loan balance decreased, so did the interest received on loans.

- Investment income was $17.4 million for FY 2012, which represented a decrease of $3 million, or 14.7% in FY 2012, from $20.4 million in FY 2011 due to the low interest rates received on new investments. The fair market value increased by $3.1 million in FY 2012 and decreased by $6.9 million in FY 2011. The FY 2012 fair market increase was a result of lower interest rates at fiscal year end.

- Deferred outflows of resources from interest rate swaps at the end of FY 2012 increased to $37 million from $24.1 million at the end of FY2011, or 53.5%, as a result of a decreasing interest rate environment.

- Bonds and notes outstanding of the Authority were $1,632.5 million for FY 2012, which was a decrease of $167.4 million, or 9.3% in FY 2012, from $1,799.9 million in FY 2011 due to more bonds being redeemed or maturing during the year than bonds being issued.

- Interest expense on bonds and notes outstanding decreased $5.3 million, or 7.3% in FY 2012, from $73.1 million in FY 2011 as a result of fewer bonds outstanding during the year.

- The Authority performed an operating transfer of $1.9 million from the Homeownership Mortgage Loan Program ($.7 million) and the Single Family Mortgage Loan Program ($1.2 million) to the General Operating Account. The Authority transferred 1% of loan purchases from the Homeownership Mortgage Loan Program and 0.5% of the outstanding loan balance of the Single Family Mortgage Loan Program to the General Operating Account to pay for operating expenses.

Loan Portfolio Activity for FY 2013 and FY 2012

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

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With the extinguishment of the New Issue Bond Program (NIBP) proceeds used to finance mortgage revenue bonds, the Authority changed its business model in April 2012 from purchasing whole loans financed with bond proceeds to purchasing loans and securitizing the loans into MBS. The MBS can then be held in the portfolio as an investment, sold to the secondary market using forward contracts to hedge the interest rate risk, or financed with bond proceeds (if the market allows).

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

The Homeownership and Single Family Mortgage Loan Programs purchased approximately $143 million of new mortgage loans and MBS during FY 2013 compared to $97.9 million in FY 2012.

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 2013, the Authority had $1,427.4 million in bonds outstanding, a 12.6% decrease from FY 2012. As of FY 2012, the Authority had $1,632.5 million in bonds outstanding, a 9.3% decrease from FY 2011.

The Authority issued a total of $195.2 million in bonds in FY 2013 as new long-term debt. Of that amount, $103.5 million was used to finance the Homeownership Mortgage Loan Program and $91.7 million was used to refund existing bonds. No bonds were issued to preserve bonding authority. During FY 2013 the Agency chose to convert $235.9 million of bonding authority to MCC authority in another effort to support first-time homebuyers. The Authority issued a total of $252.8 million in bonds in FY 2012. Of that total, $97.8 million was issued as new long-term debt and $88.1 million was converted from NIBP issued short-term debt to long-term bonds and $19.6 million was short-term debt for warehousing. The proceeds were then used to purchase single family loans. No bonds were issued to preserve bonding authority, but $47.3 million was issued to refund bonds from prepayments and excess reserves during FY 2012.

The Authority retired or paid at maturity a total of $400.5 million in bonds in FY 2013. $351.1 million was redeemed from prepayments and excess reserves and $49.4 million was maturing principal. The Authority retired or paid at maturity a total of $420.1 million in bonds in FY 2012. $393.9 million was redeemed from prepayments and excess reserves and $26.2 million was maturing principal.

In FY 2013 and FY 2012, the Authority's Homeownership Mortgage Bonds were rated AAA by Standard and Poor's, and Aa1 by Moody's Investors Service. In FY 2013 and FY 2012, the Authority's Multiple Purpose Bonds were rated Aa3 by Moody's Investors Service. In FY 2013 and FY 2012, the Authority's Single Family Mortgage Bonds were rated Aa3 by Moody's Investors Service. Moody's Investors Service has given the Authority an Issuer Rating of Aa3.

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

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Capital Assets
Capital assets increased by $0.1 million in FY 2012 from $6.5 million in FY2012. This net change is due to the addition of an off-site operating system and backup system and the amortization of existing assets.

Capital assets remained consistent in FY 2012 at $6.5 million in FY 2012 and FY 2011.

More detailed information about the Authority's capital assets can be found in Note 14, Capital Assets.

Economic Outlook
Economic conditions in South Dakota are relatively good in comparison to the rest of the nation due to prudent fiscal policy. The State of South Dakota operates on a balanced budget and the State's pension fund is over 100% funded. The Authority's foreclosure rate of 1.3%, delinquency rate of 5.6% and the State's unemployment rate of 3.9% are well below the national averages. These percentages, along with stable home prices, have all contributed to the success of the Authority over the past five years. Going forward the Authority will try to maximize its return on investments and will continue to look for innovative ways to finance the Authority's Single and Multifamily programs.

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

Assets		**2013**		2012
Current Assets				
Cash and cash equivalents (Note 3)	$	**166,518,140**	$	153,167,095
Investment securities - other (Note 3)		**36,249,594**		25,723,419
Mortgage loans receivable, net (Note 4)		**58,764,206**		76,446,957
Guaranteed mortgage securities (Note 2)		**1,926,493**		2,038,056
Interest receivable		**9,132,475**		10,382,510
Other receivables		**289,337**		245,139
Other assets		**1,586,215**		2,063,300
Hedging derivatives (Note 7)		**269,306**		-
Total Current Assets		**274,735,766**		270,066,476
Noncurrent Assets				
Investment securities - other (Note 3)		**460,378,566**		482,366,891
Investments - program mortgage-backed securities (Note 3)		**97,495,263**		1,957,859
Mortgage loans receivable, net (Note 4)		**1,027,725,531**		1,316,788,685
Guaranteed mortgage securities (Note 2)		**42,758,907**		47,730,478
Other receivables		**1,270,141**		1,413,464
Furniture and equipment, at cost, less accumulated depreciation		**1,381,625**		1,076,746
Building, at cost, less accumulated depreciation		**4,364,094**		4,489,827
Land improvement, at cost, less accumulated depreciation		**665,375**		722,410
Land		**220,409**		220,409
Deferred financing costs, net		**10,611,081**		12,010,706
Total Noncurrent Assets		**1,646,870,992**		1,868,777,475
Total Assets		**1,921,606,758**		2,138,843,951
Deferred Outflow of Resources				
Deferred swap outflow (Note 7)		**24,583,601**		36,992,527
Total Assets and Deferred Outflow of Resources	$	**1,946,190,359**	$	2,175,836,478

Liabilities				
Current Liabilities				
Bonds payable (Note 5)	$	**46,152,089**	$	49,441,987
Accrued interest payable		**8,206,699**		10,257,679
Accounts payable and other liabilities (Note 15)		**1,349,548**		1,488,076
Multifamily escrows and reserves		**14,535,295**		17,221,594
Total Current Liabilities		**70,243,631**		78,409,336
Noncurrent Liabilities				
Bonds payable (Note 5)		**1,381,274,582**		1,583,124,144
Accounts payable and other liabilities (Note 15)		**168,093**		996,652
Hedging derivatives (Note 7)		**24,583,601**		36,992,527
Total Noncurrent Liabilities		**1,406,026,276**		1,621,113,323
Total Liabilities		**1,476,269,907**		1,699,522,659
Deferred Inflow of Resources				
Deferred forward contract inflow (Note 7)		**269,306**		-
Total Liabilities and Deferred Inflow of Resources		**1,476,539,213**		1,699,522,659
Net Position				
Net investment in capital assets		**131,503**		(90,608)
Restricted by state statue		**7,093,088**		6,142,671
Restricted by bond indentures		**397,760,835**		409,956,573
Restricted by HOME and NSP Program		**64,665,720**		60,305,183
Total Net Position		**469,651,146**		476,313,819
Total Liabilities, Deferred Inflow of Resources, and Net Position	$	**1,946,190,359**	$	2,175,836,478

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30

Operating Revenues		**2013**		2012
Interest income on mortgage loans and guaranteed mortgage securities	**$**	**59,766,131**	$	74,543,178
Earnings on investments and program mortgage-backed securities		**14,445,312**		17,378,186
Net increase (decrease) in the fair market value of investments		**(22,648,436)**		3,114,825
HUD contributions		**31,936,346**		35,697,995
Other federal contributions		**-**		1,056,554
Other income		**6,921,572**		4,783,959
Total Operating Revenues		**90,420,925**		136,574,697
Operating Expenses				
Interest		**54,549,120**		67,804,116
Housing assistance payments		**23,892,090**		24,516,872
Servicer fees		**3,312,486**		4,180,438
Arbitrage rebate benefit		**(1,779,327)**		(1,495,250)
General and administrative		**5,793,947**		5,764,703
Amortization of deferred financing costs		**2,860,153**		2,394,353
Other housing programs		**6,419,602**		9,235,464
Provision for loan loss		**2,035,527**		2,016,298
Total Operating Expenses		**97,083,598**		114,416,994
Change in net position		**(6,662,673)**		22,157,703
Net position, beginning of fiscal year		**476,313,819**		454,156,116
Net Position, End of Fiscal Year	**$**	**469,651,146**	$	476,313,819

	2013	2012
Cash Flows Provided by Operating Activities		
Receipts from loan payments and program mortgage-backed securities	**$ 422,590,682**	$ 325,674,247
Receipts for program fees	**7,020,697**	5,166,453
Receipts from federal housing programs	**31,936,346**	36,754,549
Payments for loan programs and program mortgage-backed securities	**(153,007,665)**	(110,928,329)
Payments for operating expenses	**(5,183,820)**	(8,672,500)
Payments to employees	**(3,408,972)**	(3,569,148)
Payments for federal housing programs	**(23,892,090)**	(24,516,872)
Payments for other housing programs	**(7,922,096)**	(9,125,085)
Net Cash Provided by Operating Activities	**268,133,082**	210,783,315
Cash Flows Used in Noncapital Financing Activities		
Proceeds from sale of bonds	**195,232,566**	255,637,780
Principal paid on bonds	**(400,499,018)**	(420,011,746)
Interest paid on bonds	**(59,322,203)**	(70,585,162)
Bond issuance costs paid	**(1,460,528)**	(2,230,039)
Net Cash Used in Noncapital Financing Activities	**(266,049,183)**	(237,189,167)
Cash Flows Used in Capital and Related Financing Activities		
Purchase of fixed assets	**(499,383)**	(359,223)
Proceeds from sale of assets	**32,377**	200
Principal paid on bonds	**(50,000)**	(50,000)
Interest paid on capital debt	**(15,283)**	(14,719)
Net Cash Used in Capital and Related Financing Activities	**(532,289)**	(423,742)
Cash Flows Provided by (Used in) Investing Activities		
Purchase of investment securities	**(628,271,140)**	(715,756,212)
Proceeds from sale and maturities of investment securities	**624,909,368**	639,184,284
Interest received on investments	**15,161,207**	15,427,241
Net Cash Provided by (Used in) Investing Activities	**11,799,435**	(61,144,687)
Change in Cash and Cash Equivalents	**13,351,045**	(87,974,281)
Cash and Cash Equivalents, Beginning of Year	**153,167,095**	241,141,376
Cash and Cash Equivalents, End of Year	**$ 166,518,140**	$ 153,167,095
Reconciliation of Operating Income (Loss) to Cash Flows Provided by Operating Activities		
Operating income (loss)	**$ (6,662,673)**	$ 22,157,703
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Interest on bonds payable	**54,549,120**	67,804,116
Net (increase) decrease in fair market value of investments	**22,648,436**	(3,114,825)
Interest from investments	**(13,952,491)**	(19,010,149)
Amortization of deferred financing costs	**2,860,153**	2,394,353
Provision for loan loss	**2,035,527**	2,016,298
Arbitrage	**-**	(1,495,250)
Depreciation	**408,121**	395,274
Changes in assets and liabilities		
Loan interest receivable	**880,571**	731,498
Accounts payable and other liabilities	**(967,087)**	(1,922,979)
Mortgage loans receivable	**309,793,512**	142,968,025
Investments - program mortgage-backed securities	**(101,350,018)**	(1,864,820)
Other receivables	**99,125**	382,494
Other assets	**477,085**	37,377
Multifamily escrows and reserves	**(2,686,299)**	(695,800)
Net Cash Provided by Operating Activities	**$ 268,133,082**	$ 210,783,315

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 $291,875,000 for 2013. Amounts issued by the Authority shall not be deemed to constitute a debt of the State of South Dakota or any political subdivision thereof. The Authority is a business-type activity component unit of the State of South Dakota. As such, the accompanying financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

Description of Reporting Entity:

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

General Operating Account:

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

(i) payment of general and administrative expenses and other costs not payable by other funds of the Authority; and,
(ii) those activities deemed necessary to fulfill the Authority's corporate purposes for which special funds are not established.

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

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

Homeownership Mortgage Bonds:

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

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Single Family Mortgage Bonds:

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

Multiple Purpose Bonds:

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

Multifamily Housing Revenue Bonds:

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

Multifamily Mortgage Pass-Through Bonds:

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

Multifamily Risk Sharing Bonds:

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

Note 2 - Significant Accounting Policies:

Basis of Presentation:

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

Basis of Accounting:

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

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Interest Income:

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

Statements of Cash Flows:

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

Investments-Program Mortgage-Backed Securities and Investment Securities:

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

Program Mortgage-Backed Securities:

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

Mortgage Loans Receivable:

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

Some loans receivable contain provisions for the loans to become grants if certain criteria is met. The conversion of loans receivable to grants is calculated on an annual basis, though the debtor is not entitled to receive full credit until maturity of the loan agreement or upon meeting certain criteria. As loans receivable converted to grants are estimated, loans receivable is credited and a charge to operations is made through the provision for loan loss. Loans receivable includes credits of $14,459,827 and $12,686,068 as of June 30, 2013 and 2012, respectively. Upon maturity of the loan agreement or achievement of specified criteria, the applicable portion of the loan receivable balance is awarded to the debtors.

Guaranteed Mortgage Securities:

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

Fee Income:

Fees collected as reimbursement for costs incurred in developing and implementing the programs of the Authority and for other specific services are recorded as income in the period received. Commitment fees collected in connection with Homeownership and Multifamily mortgages are credited to income as loans are purchased against outstanding commitments. During fiscal year 2011, the Authority stopped charging commitment fees on Homeownership loans purchased. The Authority now performs an operating transfer of 1% of loan purchases from the Homeownership indenture and 0.5% of the outstanding balance from the Single Family Indenture to the General Operating Account.

Deferred Financing Costs:

Issuance costs on bonds are amortized, using the bonds outstanding method, over the life of the bonds. The unamortized costs of bonds, which are refunded, are amortized either over the life of the refunding bonds or the life of the bonds that were refunded, whichever is shorter.

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Receivables:

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

Bond Premiums and Discounts:

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

Derivative Instruments:

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

Real Estate Owned:

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

Capital Asset Policy:

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

Inventory:

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

Arbitrage Rebate:

The Authority is limited in the investment yield which it may retain for its own use on the non-mortgage investments for most of its bond issues. Excess arbitrage yields must be rebated to the Federal Government in accordance with applicable federal tax regulations. The Authority has recorded liabilities/(receivables) in the amount of ($782,675) and $996,652 at June 30, 2013 and 2012, respectively, for arbitrage rebates which are included in accounts payable and other liabilities.

Escrows and Reserves:

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

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Revenue and Expense Recognition:

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering items in connection with an enterprise fund's ongoing operations. The Authority records all revenues derived from mortgages, investments, servicing, financing and federal housing programs as operating revenues since these revenues are generated from the Authority's daily operations needed to carry out its purpose. Operating expenses include bond interest, amortization of bond issuance costs, and depreciation and administrative expenses related to the administration of the Authority's programs. The Authority does not have nonoperating revenue and expenses for the years ending June 30, 2013 and 2012.

Pass-Through Grants:

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

Use of Estimates:

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

Net Position:

Net Position is classified in the following three components:

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

Allowance for Loan Loss:

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

Reclassifications:

Certain items in the 2012 financial statements have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the change in net position.

Adoption of New Accounting Pronouncements:

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows, Deferred Inflows, and Net Position.* The statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources and net positions, elements of financial statements identified and defined by previously issued Concepts Statement 4. The Authority has adopted this new pronouncement in the current year. The effect to the Authority's adoption of this statement is limited to the reclassification of Net Assets to Net Position and reclassification of certain items as Deferred Inflows or Deferred Outflows of Resources, rather than being included within assets and liabilities.

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Recent Accounting Pronouncements:

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This will result in a reclassification of some financial statement line items on the balance sheet of governments. The objective of this statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as expenses or revenues, such as debt issuance costs, fees and costs associated with mortgage banking activities, lending activities and loan purchases. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. Accounting changes adopted to conform to the provisions of this Statement will be applied retroactively by restating financial statements for all periods presented. The Authority is currently evaluating the impact this statement will have on financial reporting.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. The statement amends the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to government employers that account for pensions provided through trusts, or equivalent arrangements, that meet certain criteria. Under the new statements, a cost-sharing employer whose employees receive pensions through a trust will report a net pension asset or liability, deferred outflows or inflows of resources related to pensions and pension expense based on its proportionate share of the collective net pension liability of all employers in the plan. The share of collective net pension liability recognized by an individual employer should be based on the employer's relationship to all employers and non-employer contributing entities in the plan. The employer's proportion should be consistent with how contributions are determined; the use of the long-term contribution effort of the employer is encouraged. The measurement of collective net pension liability, pension expense and other key information will follow the same standards that apply to single and agent employers. The effects of changes to an employer's expected proportion of total employer-related contributions, as well as the effects of differences between the expected and actual proportionate share of total employer-related contributions each period, will be reported as a deferred outflow or inflow of resources and recognized in the employer's pension expense in a systematic and rational manner over a closed period representative of the average expected remaining service lives of employees, beginning with the period of adoption. Under the current standards, governments recognize only the portion of cost-sharing pension obligations related to their annual required contributions. GASB 68 will be effective for fiscal years beginning after June 15, 2014, with earlier application encouraged. The Authority is currently evaluating the impact this statement will have on financial reporting.

Note 3 - Deposits and Investments:

Under the terms of the bond resolutions, the Authority is generally restricted to investments in direct general obligations of the United States of America, agencies and instrumentalities of the United States of America, negotiable or nonnegotiable certificates of deposit issued by a bank that is insured by the FDIC, obligations of the State or any agency or instrumentality thereof, or securities that are permissible for the investment of State public funds under the provisions of § 4-5-26. As of the years ended June 30, 2013 and 2012, all investments held by the Authority were in compliance with the requirements of the bond resolutions.

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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, 2013 and 2012, of the Authority's deposits of $2,992,074 (carrying value of $1,567,391) and $2,055,479 (carrying value of $1,722,101), respectively, all were covered by insurance or collateral held in the Authority's name in accordance with the Authority's deposit policy.

The $2,100,108 of the Authority's cash and cash equivalents being held in the State's internal investment pool as of June 30, 2013 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.

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, 2013 and 2012, 33% and 19%, respectively, of the Authority's securities were invested in mortgage pass-through securities. As of June 30, 2013 and 2012, the Authority had investments maturing as follows:

		2013 Investment Maturities (in Years)			
	Fair Value	**Less Than 1**	**1 to 5**	**6 to 10**	**Greater Than 10**
U.S Government obligations	**$ 80,528,231**	**$ 10,583,632**	**$ 33,547,367**	**$ 35,356,046**	**$ 1,041,186**
U.S. Agency obligations	**499,602,084**	**21,408,529**	**203,975,982**	**30,570,789**	**243,646,784**
Money market/mutual funds	**163,311,410**	**163,311,410**	**-**	**-**	**-**
Investment agreements	**623,957**	**-**	**-**	**-**	**623,957**
Certificates of deposit	**6,659,396**	**3,479,337**	**3,180,059**	**-**	**-**
State obligations	**6,248,987**	**1,268,096**	**4,441,171**	**-**	**539,720**
Total	**$ 756,974,065**	**$ 200,051,004**	**$ 245,144,579**	**$ 65,926,835**	**$ 245,851,647**

		2012 Investment Maturities (in Years)			
	Fair Value	Less Than 1	1 to 5	6 to 10	Greater Than 10
U.S Government obligations	$ 125,068,825	$ 10,235,496	$ 77,526,049	$ 28,764,917	$ 8,542,363
U.S. Agency obligations	369,445,038	15,261,388	155,426,486	46,048,461	152,708,703
Money market/mutual funds	150,954,994	150,954,994	-	-	-
Investment agreements	5,009,094	-	-	-	5,009,094
Certificates of deposit	4,343,538	498,985	3,746,508	98,045	-
State obligations	6,671,674	251,303	5,849,116	571,255	-
Total	$ 661,493,163	$ 177,202,166	$ 242,548,159	$ 75,482,678	$ 166,260,160

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At June 30, 2013 and 2012, certain cash equivalents and investment in securities are restricted in prescribed amounts by the bond resolutions as follows:

	2013			
	Homeownership Mortgage Bonds	**Single Family Mortgage Bonds**	**Multiple Purpose Bonds**	**Multifamily Risk Sharing Bonds**
Capital reserve for debt service	**$ 54,304,277**	**$ -**	**$ 3,068,178**	**$ 611,416**
Mortgage reserve for debt service, bond redemption premiums, and potential for loan losses	**30,259,560**	**-**	**-**	**-**
Debt service reserve	**-**	**9,148,800**	**-**	**-**
Total	**$ 84,563,837**	**$ 9,148,800**	**$ 3,068,178**	**$ 611,416**

	2012			
	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Multifamily Risk Sharing Bonds
Capital reserve for debt service	$ 81,427,950	$ -	$ 5,222,954	$ 611,416
Mortgage reserve for debt service, bond redemption premiums, and potential for loan losses	34,791,969	-	-	-
Debt service reserve	-	10,500,000	-	-
Total	$ 116,219,919	$ 10,500,000	$ 5,222,954	$ 611,416

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

Moody's Rating	**2013**	2012
Aaa	**$ 273,296,382**	$ 155,286,211
Aa	**294,873,874**	366,568,870
A	**-**	158,355
BBB	**-**	545,620
Unrated	**12,992,620**	9,115,270
Total	**$ 581,162,876**	$ 531,674,326

Concentration of Credit Risk: The Authority will minimize Concentration Credit Risk by diversifying the investment portfolio and reducing the impact of potential losses from any one type of security or issuer. At June 30, 2013, the Authority held 5% or more of their investments with the following issuers: Federal Home Loan Bank (14.85%), Federal National Mortgage Association (19.88%), and Federal Home Loan Mortgage Corporation (15.01%). At June 30, 2012, the following issuers held 5% or more of the Authority's investments: Federal Home Loan Bank (17.23%), Federal National Mortgage Association (21.37%), and Federal Home Loan Mortgage Corporation (11.83%).

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Note 4 - Mortgage Loans Receivable:

Mortgage loans receivable at June 30 consist of the following:

	2013	2012
Homeownership Mortgage Loans	**$ 709,481,381**	$ 975,735,808
Single Family Mortgage Loans	**268,727,836**	313,246,094
Multiple Purpose Loans	**32,823,324**	32,297,247
Other (General Operating Account)	**75,457,196**	71,956,493
Total	**$ 1,086,489,737**	$ 1,393,235,642

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 $1,758,466 and $1,749,270 as of June 30, 2013 and 2012, respectively.

Included in the mortgage loan receivable balance is real estate owned by the Authority from foreclosures. The amount of real estate owned at June 30, 2013 and 2012 is $1,927,555 and $4,763,713, respectively.

Note 5 - 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):

			2013			2012
Bond Issue	**Maturity Date**	**Interest Rate**	**Serial**	**Term (1)**	**Total Outstanding**	Total Outstanding
2001 Series F	2013	4.85%	$ -	$ -	**$ -**	$ 12,635
2003 Series A	2013-2014	4.00% - 4.75%	-		**-**	6,240
2003 Series B	2015-2033	4.95% - 5.05%			**-**	22,235
2003 Series C-1	2032	0.15%	-	26,500	**26,500**	26,500
2003 Series C-2	2032	3.50%	-	26,400	**26,400**	26,400
2003 Series D	2032	3.80 - 4.8%	-	-	**-**	4,805
2003 Series F	2013-2022	0.28% (2)	-	-	**-**	20,000
2003 Series G	2021-2028	4.10-4.55%	-	-	**-**	9,835
2003 Series H	2034	4.85-5.00%	-	-	**-**	9,585
2003 Series I	2013-2017	0.27% (2)	-	-	**-**	28,000
2004 Series A	2014-2015	4.4%-4.5%	3,415	-	**3,415**	5,690
2004 Series B	2017-2027	4.95%-5.0%	-	1,620	**1,620**	6,520
2004 Series C	2034	.09%(2)	-	34,000	**34,000**	34,000
2004 Series D	2032	.07%(2)	-	11,890	**11,890**	11,890
2004 Series E	2014-2017	3.95%-4.25%	10,140	-	**10,140**	12,440
2004 Series F	2017-2028	4.60%	-	5,970	**5,970**	10,865
2004 Series G	2034	.11%(2)	-	33,000	**33,000**	33,000
2005 Series A	2014-2018	3.90% - 4.2%	9,350	-	**9,350**	13,945
2005 Series B	2023-2027	5.25%	-	1,040	**1,040**	3,845
2005 Series C	2027-2035	0.10% (2)	-	41,000	**41,000**	41,000
2005 Series D	2031	.07%(2)	-	6,925	**6,925**	6,925
2005 Series E	2014-2018	3.85% - 4.1%	12,680	-	**12,680**	14,940
2005 Series F	2018-2030	4.6% - 5.0%	-	19,465	**19,465**	25,050
2005 Series G	2030-2035	0.08% (2)	-	25,000	**25,000**	25,000
2005 Series K	2019-2031	4.9% - 5.75%	-	19,780	**19,780**	77,875

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Bond Issue	Maturity Date	Interest Rate	2013 Serial	2013 Term (1)	2013 Total Outstanding	2012 Total Outstanding
2006 Series A	2014-2019	4.15% - 4.5%	16,765	-	**16,765**	19,355
2006 Series B	2019-2031	4.9% - 6%	-	23,295	**23,295**	35,330
2006 Series C	2031-2037	.07%(2)	-	45,000	**45,000**	45,000
2006 Series D	2014-2019	3.75% - 4.0%	14,885	-	**14,885**	17,055
2006 Series E	2019-2036	4.5% - 5.75%	-	44,300	**44,300**	60,030
2007 Series A	2013-2019	3.85% - 4.2%	14,105	-	**14,105**	14,105
2007 Series B	2019-2037	4.7% - 5.5%	-	36,085	**36,085**	63,825
2007 Series D	2014-2018	4.0% - 4.35%	10,985	-	**10,985**	12,920
2007 Series E	2019-2037	4.9% - 5.75%	-	11,135	**11,135**	46,685
2007 Series G	2014-2018	3.75% - 4.2%	7,970	-	**7,970**	7,970
2007 Series H	2014-2037	4.25% - 5.5%	1,510	33,370	**34,880**	40,045
2007 Series I	2026-2038	.07%(2)	-	34,000	**34,000**	34,000
2008 Series A	2016-2018	4.0% - 4.375%	7,255	-	**7,255**	7,255
2008 Series B	2014-2028	4.5% - 5.75%	2,640	2,335	**4,975**	7,610
2008 Series C	2028-2039	.07%(2)	-	50,000	**50,000**	50,000
2008 Series D	2014-2019	3.75% - 4.45%	11,790	-	**11,790**	13,450
2008 Series E	2019-2038	5.375% - 6.0%	-	14,195	**14,195**	17,970
2008 Series F	2027-2039	.07%(2)	34,000	-	**34,000**	34,000
2008 Series G	2018-2038	5.85% - 6.25%	-	2,540	**2,540**	5,540
2009 Series A	2013-2039	.05%(2)	-	44,775	**44,775**	46,285
2009 Series B	2014-2027	2.7% - 5.0%	27,875	9,995	**37,870**	47,310
2009 Series C	2027-2039	.06%(2)	-	22,000	**22,000**	22,000
2012 Series A	2013-2031	.09%-4.5%	10,760	14,870	**25,630**	28,320
2012 Series B	2018-2026	1.85%-3.25%	10,745	8,235	**18,980**	18,980
2012 Series C	2031-2042	3.75%-4.0%	-	6,565	**6,565**	10,945
2012 Series D	2013-2029	0.50%-4.0%	22,560	16,740	**39,300**	-
2012 Series E	2022-2025	2.80%	-	9,355	**9,355**	-
2012 Series F	2029-2042	3.375%-3.7%	-	22,960	**22,960**	-
2013 Series A	2013-2030	.30%-3.0%	6,675	9,185	**15,860**	-
2013 Series B	2019-2025	1.65%-3.0%	7,940	-	**7,940**	-
2013 Series C	2030-2043	3.55%-3.8%	-	10,460	**10,460**	-
2013 Series D	2043	3.25%-4.0%	-	66,673	**66,673**	-
Plus unamortized premium					**9,811**	9,292
Less unamortized loss of refunding					**(1,147)**	(1,106)
Total Homeownership Mortgage Program Bonds					**$ 1,043,367**	$ 1,203,391

(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.

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

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

Bond Issue	Maturity Date	Interest Rate	2013 Serial	2013 Term (1)	2013 Total Outstanding	2012 Total Outstanding
2010-1/2009-1A	2013-2041	3.425% - 4.24%	$ -	$ 82,135	**$ 82,135**	$ 94,895
2010-2/2009 1-B	2013-2041	1.25%-4.5%	15,690	46,680	**62,370**	70,620
2011-1/20091-C	2013-2041	1.1%-5.0%	14,210	54,040	**68,250**	73,995
2011-2/20091-D	2013-2041	.80%-4.25%	25,310	66,895	**92,205**	98,830
Plus unamortized premium					**1,705**	1,946
Total Single Family Mortgage Bonds					**$ 306,665**	$ 340,286

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

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

			2013			2012
Bond Issue	**Maturity Date**	**Interest Rate**	**Serial**	**Term (1)**	**Total Outstanding**	Total Outstanding
2002 Series A	2013-2020	4.5% - 5.15%			$ -	$ 15,540
2002 Series B	2013-2021	4.10% - 5.1%			-	8,395
2008 Series A	2013-2048	3.6%	-	7,070	**7,070**	7,160
2009 Series A	2013-2048	0.14% (2)	-	6,500	**6,500**	6,550
2013 Series A	2013-2028	.20%-3.65%	15,005	2,485	**17,490**	-
Less unamortized loss on refunding					**(629)**	(569)
Total Multiple Purpose Bonds					**$ 30,431**	$ 37,076

(1) Term bonds are subject to mandatory redemption from mandatory sinking fund installments.
(2) Variable rate adjusted weekly based on the current market rate for similar tax exempt bonds.

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

			2013			2012
Bond Issue	**Maturity Date**	**Interest Rate**	**Serial**	**Term (1)**	**Total Outstanding**	Total Outstanding
Series 2001	2031	0.90%	$ -	$ 6,495	**$ 6,495**	$ 6,495
Series 2001	2034	0.11%	-	13,000	**13,000**	13,000
Series 2002 A	2013-2033	5.25%-5.35%	-	2,160	**2,160**	2,215
Series 2004 A	2013-2033	6.15%	2,788	-	**2,788**	2,855
Country Meadow	2044	.06%(2)	-	4,920	**4,920**	4,920
Total Multifamily Housing Revenue Bonds					**$ 29,363**	$ 29,485

(1) Term bonds are subject to mandatory redemption from mandatory sinking fund installments.
(2) Variable rate adjusted weekly based on the current market rate for similar tax exempt bonds.

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

			2013		2012
Bond Issue	**Maturity Date**	**Interest Rate**	**Term**	**Total Outstanding**	Total Outstanding
1996 Series B	2013	3.75%	1,215	**$ 1,215**	$ 1,247
Series 1999-1	2013-2015	4.0%	1,114	**1,114**	1,154
Series 1999-2	2013-2015	6.0%	1,176	**1,176**	1,227
Series 1999-3	2013-2015	6.0%	1,311	**1,311**	1,356
Series 2000-1	2013-2015	7.5%	-	**-**	695
Series 2002-1	2013-2017	7.0%	-	**-**	3,674
Total Multifamily Mortgage Pass-Through Bonds				**$ 4,816**	$ 9,353

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

			2013			2012
Bond Issue	**Maturity Date**	**Interest Rate**	**Serial**	**Term (1)**	**Total Outstanding**	Total Outstanding
Series 1999	2013-2040	5.75% - 5.8%	$ -	$ 2,860	**$ 2,860**	$ 2,900
Series 2000	2014-2032	5.85%	-	2,780	**2,780**	2,850
Series 2001	2014-2043	5.35%	-	7,145	**7,145**	7,225
Total Multifamily Risk Sharing Bonds					**$ 12,785**	$ 12,975
Total Bonds Outstanding					**$ 1,427,427**	$ 1,799,885

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

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Following are the schedules of changes in bonds payable for the fiscal years ended June 30, 2013 and 2012:

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Amounts Due Within One Year
Homeownership Mortgage Program Bonds	**$ 1,195,205,000**	**$ 177,742,566**	**$ 338,245,000**	**$ 1,034,702,566**	**$ 35,720,000**
Single Family Mortgage Bonds	**338,340,000**	**-**	**33,380,000**	**304,960,000**	**6,670,000**
Multiple Purpose Bonds	**37,645,000**	**17,490,000**	**24,075,000**	**31,060,000**	**2,075,000**
Multifamily Housing Revenue Bonds	**29,484,776**	**-**	**121,571**	**29,363,205**	**125,729**
Multifamily Mortgage Pass-Through Bonds	**9,353,674**	**-**	**4,537,447**	**4,816,227**	**1,356,360**
Multifamily Risk Sharing Bonds	**12,975,000**	**-**	**190,000**	**12,785,000**	**205,000**
Deferred Premium/Discount	**11,237,483**	**4,196,628**	**3,918,061**	**11,516,050**	**-**
Deferred Loss on Refunding	**(1,674,802)**	**707,472**	**809,047**	**(1,776,377)**	-
	$ 1,632,566,131	**$ 200,136,666**	**$ 405,276,126**	**$ 1,427,426,671**	**$ 46,152,089**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Amounts Due Within One Year
Homeownership Mortgage Program Bonds	$ 1,388,260,000	$ 58,245,000	$ 251,300,000	$ 1,195,205,000	$ 37,510,000
Single Family Mortgage Bonds	307,525,000	194,625,000	163,810,000	338,340,000	6,775,000
Multiple Purpose Bonds	42,775,000	-	5,130,000	37,645,000	3,340,000
Multifamily Housing Revenue Bonds	29,597,435	-	112,659	29,484,776	121,571
Multifamily Mortgage Pass-Through Bonds	9,627,761	-	274,087	9,353,674	1,505,416
Multifamily Risk Sharing Bonds	13,155,000	-	180,000	12,975,000	190,000
Deferred Premium/Discount	10,425,680	2,767,780	1,955,977	11,237,483	-
Deferred Loss on Refunding	(1,480,342)	161,714	356,174	(1,674,802)	-
	$ 1,799,885,534	$ 255,799,494	$ 423,118,897	$ 1,632,566,131	$ 49,441,987

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

Year Ended June 30	Homeownership Mortgage Program Bonds Principal	Homeownership Mortgage Program Bonds Interest	Single Family Mortgage Bonds Principal	Single Family Mortgage Bonds Interest	Multiple Purpose Bonds Principal	Multiple Purpose Bonds Interest
2014	$ 35,720,000	$ 38,705,234	$ 6,670,000	$ 10,507,624	$ 2,075,000	$ 315,439
2015	31,565,000	37,735,336	6,810,000	10,423,854	2,095,000	285,615
2016	35,185,000	36,803,856	6,960,000	10,229,912	2,110,000	277,970
2017	35,610,000	35,464,068	7,145,000	10,062,579	2,135,000	257,352
2018	30,410,000	34,262,625	7,360,000	9,865,209	2,160,000	230,625
2019-2023	135,100,000	155,095,752	40,335,000	45,523,909	8,255,000	566,218
2024-2028	134,990,000	127,924,584	44,125,000	37,832,398	1,310,000	206,081
2029-2033	266,290,000	95,249,896	58,855,000	27,727,311	2,180,000	108,318
2034-2038	241,215,000	35,304,665	72,000,000	16,169,353	2,165,000	79,380
2039-2043	21,945,000	13,548,233	54,700,000	3,584,818	2,780,000	54,160
2044-2048	66,672,566	209,733	-	-	3,580,000	22,225
2049-2052	-	-	-	-	215,000	151
Total	$ 1,034,702,566	$ 610,303,982	$ 304,960,000	$ 181,926,967	$ 31,060,000	$ 2,403,534

Year Ended June 30	Multifamily Housing Revenue Bonds Principal	Multifamily Housing Revenue Bonds Interest	Multifamily Mortgage Pass-Through Bonds Principal	Multifamily Mortgage Pass-Through Bonds Interest	Multifamily Risk Sharing Bonds Principal	Multifamily Risk Sharing Bonds Interest
2014	$ 125,729	$ 306,834	$ 1,356,360	$ 181,165	$ 205,000	$ 708,874
2015	135,145	299,347	3,459,867	65,952	215,000	697,351
2016	144,838	291,403	-	-	230,000	685,125
2017	149,823	282,945	-	-	240,000	672,195
2018	160,120	274,135	-	-	260,000	658,561
2019-2023	962,380	1,216,681	-	-	1,550,000	3,054,219
2024-2028	1,284,238	897,190	-	-	2,100,000	2,557,819
2029-2033	8,198,963	457,189	-	-	2,715,000	1,877,906
2034-2038	13,281,969	40,675	-	-	2,335,000	1,175,280
2039-2043	-	14,760	-	-	2,935,000	470,757
2044-2046	4,920,000	1,722	-	-	-	-
	$ 29,363,205	$ 4,082,881	$ 4,816,227	$ 247,117	$ 12,785,000	$ 12,558,087

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Note 6 - Refunding of Debt:

In June 2012, the Authority issued $58,245,000 of fixed rate Homeownership Mortgage Bonds, 2012 Series A, 2012 Series B, and 2012 Series C (the 2012 ABC Bonds). The 2012 Series A and 2012 Series B bonds, totaling $47,300,000, along with premium generated from the bond sale, were used to refund $48,460,000 of Homeownership Mortgage Bonds, 1997 Series C, 1997 Series D, 1997 Series E, 2002 Series C, 2002 Series F, 2002 Series G, 2002 Series H, and 2002 Series I (the Refunded Bonds). The purpose of the refunding was to reduce the Authority's borrowing cost on debt that was optionally redeemable at par. Assuming a mortgage prepayment speed of 100% FHA, the difference between the present value of the cash flow required for debt service of the 2012 ABC Bonds and the Refunded Bonds, net of costs of issuance and negative arbitrage, will result in an economic gain of approximately $3,151,142. In addition, the refunding generated $8,200,000 of zero participation loans for use in blending with future bond issues.

In November 2012, the Authority issued $76,810,000 of fixed rate Homeownership Mortgage Bonds, 2012 Series D, 2012 Series E and 2012 Series F (the 2012 DEF Bonds). The 2012 Series D and 2012 Series E bonds, totaling $50,415,000, along with premium generated from the bond sale, were used to refund approximately $51,905,000 of Homeownership Mortgage Bonds, 2001 Series F, 2003 Series A, 2003 Series B, 2003 Series D and 2003 Series F (the Refunded Bonds). The purpose of the refunding was to reduce the Authority's borrowing cost on debt that was optionally redeemable at par. Assuming a mortgage prepayment speed of 100% FHA, the difference between the present value of the cash flow required for debt service of the 2012 DEF Bonds and the Refunded Bonds, net of costs of issuance, negative arbitrage and the 2003 F swap termination fee, will result in an economic gain of approximately $4,400,000. In addition, the refunding generated approximately $18,500,000 of zero participation loans for use in blending with future bond issues.

In April 2013, the Authority issued $17,490,000 of fixed rate Multiple Purpose Bonds, 2013 Series A (the 2013 A Bonds). The 2013 A Bonds were used to refund $17,490,000 of Multiple Purpose Bonds, 2002 Series A and 2002 Series B (the Refunded Bonds). The purpose of the refunding was to reduce the Authority's borrowing cost on debt that was optionally redeemable at par. Assuming a mortgage prepayment speed of 0% prepayment speed assupmtions (PSA), the difference between the present value of the cash flow required for debt service of the 2013 A Bonds and the Refunded Bonds, net of costs of issuance and negative arbitrage, will result in an economic gain of approximately $1,900,000.

In May 2013, the Authority issued $34,260,000 of fixed rate Homeownership Mortgage Bonds, 2013 Series A, 2013 Series B and 2013 Series C (the 2013 ABC Bonds). The 2013 Series A and 2013 Series B bonds totaling $23,800,000, along with premium generated from the bond sale, were used to refund approximately $24,300,000 of Homeownership Mortgage Bonds, 2003 Series G and 2003 Series I (the Refunded Bonds). The purpose of the refunding was to reduce the Authority's borrowing cost on debt that was optionally redeemable at par. Assuming a mortgage prepayment speed of 100% FHA, the difference between the present value of the cash flow required for debt service of the 2012 ABC Bonds and the Refunded Bonds, net of costs of issuance, negative arbitrage and the 2003 I swap termination fee, will result in an economic gain of approximately $2,100,000. In addition, the refunding generated approximately $4,000,000 of zero participation loans for use in blending with future bond issues.

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Note 7 - 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, 2013 and 2012, are contained in the table below. The initial notional amounts of the swaps match the initial principal amounts of the associated debt. Current notional amounts may or may not match the current principal outstanding on the debt, which could result in unhedged variable rate debt or making interest payments on debt no longer outstanding (see amortization risk). The Authority has purchased the right to terminate the outstanding swap balances at par value on dates that are generally ten years after the date of issuance of the related bonds.

Bond Series	Current Notional Amount	Effective/ Termination Date	Fixed Rate	Variable Rate Receivable	Counterparty Credit Rating*	**Fair Value June 30, 2013**	**Increase (Decrease) in Fair Value for the Fiscal Year Ended June 30, 2013**	Fair Value June 30, 2012	Increase (Decrease) in Fair Value for the Fiscal Year Ended June 30, 2012
Merrill Lynch Capital Services									
2003 C-1	$ -	6/18/2004 5/1/2013	3.40%	57% of LIBOR plus 0.42%	Baa2	**$ -**	**$ 743,901**	$ (743,901)	$ 659,579
2005 D	6,925,000	4/13/2005 5/1/20015	3.29%	57.3% of LIBOR plus 0.40%	Baa2	**(369,280)**	**172,214**	(541,494)	19,777
2007 I	34,000,000	10/16/2007 5/1/2038	4.14%	63.8% of LIBOR plus 0.30%	Baa2	**(4,025,258)**	**1,216,511**	(5,241,769)	(1,837,786)
JPMorgan Chase Bank, N.A.									
2004 G	33,000,000	10/20/2004 5/1/2034	3.90%	63.4% of LIBOR plus 0.29%	Aa3	**(1,574,727)**	**788,729**	(2,363,456)	(453,217)
2005 C	41,000,000	4/13/2005 5/1/2035	3.93%	63.3% of LIBOR plus 0.30%	Aa3	**(2,525,539)**	**983,568**	(3,509,107)	(850,328)
2008 F	34,000,000	9/4/2008 5/3/2039	3.85%	63.7% of LIBOR plus 0.31%	Aa3	**(3,685,023)**	**1,419,981**	(5,105,004)	(2,481,314)
The Bank of New York, Mellon, N.A. (Novated from UBS on 7/22/2010)									
2003 F	-	6/21/2005 5/1/2034	3.76%	63.8% of LIBOR plus 0.29%	Aa1	**-**	**538,163**	(538,163)	(44,467)
2003 I	28,000,000	6/21/2005 5/1/2034	3.76%	63.8% of LIBOR plus 0.29%	Aa1	**(461,621)**	**693,665**	(1,155,286)	(104,358)
2004 C	34,000,000	6/21/2005 5/1/2034	3.75%	63.8% of LIBOR plus 0.29%	Aa1	**(1,044,571)**	**779,186**	(1,823,757)	(408,035)
Bank of America, N.A.									
2009 C	22,000,000	11/18/2009 5/1/2039	3.14%	64% of LIBOR plus 0.22%	A3	**(1,304,290)**	**1,159,691**	(2,463,981)	(2,155,983)
Merrill Lynch Derivative Products, AG									
2005 G	25,000,000	7/19/2005 5/1/2035	3.77%	63.8% of LIBOR plus 0.29%	Aa3	**(1,612,445)**	**625,101**	(2,237,546)	(922,720)
2006 C	45,000,000	6/14/2006 5/1/2037	4.42%	64% of LIBOR plus 0.29%	Aa3	**(4,666,989)**	**1,321,243**	(5,988,232)	(1,232,834)
2008 C	41,210,000	3/26/2008 5/1/2039	3.42%	63.7% of LIBOR plus 0.30%	Aa3	**(2,668,046)**	**1,673,171**	(4,341,217)	(2,553,797)
MPB 2008 A	7,070,000	8/2/2008 5/1/2048	3.55%	63.8% of LIBOR plus 0.20%	Aa3	**(645,812)**	**293,802**	(939,614)	(502,325)
	$ 351,205,000					**$ (24,583,601)**		$ (36,992,527)	

**Moody's Investor Service*

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Fair Value:

The valuation was determined by calculating the difference between the present values of each fixed cash flow to be paid and each floating cash flow to be received by the Authority based upon the current market yield curve. The present value factors for each cash flow are based on the implied zero coupon yield curve determined by current market rates. Additionally, the values of the call options are determined by calculating the present value of each predicted option outcome, whose interest rate prediction variance is determined by current market implied volatility. Together these calculations determine the current fair value of the Authority's swap contracts. The fair values in the table above represent the termination payments that would have been due had the swaps been terminated as of June 30, 2013 and 2012. 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, 2013 and 2012, neither the Authority nor any counterparty had been required to post collateral.

Basis Risk: The Authority incurs the potential risk that the variable interest payments on its bonds will not equal the variable interest receipts from its swaps. This basis risk exists because the Authority pays the actual variable rate on its bonds, but under the terms of its swaps receives a variable rate based upon the one month taxable London Interbank Offered Rate (LIBOR) rate. Basis risk will vary over time due to inter-market conditions. For the years ended June 30, 2013 and 2012, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.58% and 1.75% per annum, respectively, while the weighted average interest rate on the swaps was 1.60% and 1.75% per annum, respectively. In order to reduce the cumulative effects of basis risk, the variable rate determination structure for interest receipts within the swap is based upon a regression analysis of the long-term relationship between variable tax exempt rates and the one month taxable LIBOR rate.

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

Amortization Risk: The Authority may incur amortization risk because prepayments from the mortgage loan portfolio may cause the outstanding amount of variable rate bonds to decline faster than the amortization of the swap. To ameliorate amortization risk, call options were structured within the swaps to enable the Authority to manage the outstanding balances of variable rate bonds and notional swap amounts. Additionally, the Authority may terminate the swaps at market value at any time. As of June 30, 2013, outstanding debt principal exceeds current swap notional amounts by $7,290,000.

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

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

Swap Payments and Associated Debt: As rates vary, variable-rate bond interest payments and net swap payments will vary. Debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows using rates as of June 30, 2013:

Year Ended	Variable Rate Bond		Interest Rate	
June 30	Principal	Interest	Swap - Net	Total
2014	$ 90,000	$ 309,664	$ 11,291,302	$ 11,690,966
2015	95,000	309,538	10,946,137	11,350,675
2016	100,000	309,401	10,720,907	11,130,308
2017	100,000	309,261	10,659,680	11,068,941
2018	105,000	309,121	10,642,328	11,056,449
2019-2023	610,000	1,543,196	53,156,044	55,309,240
2024-2028	13,480,000	1,535,062	52,892,952	67,908,014
2029-2033	136,785,000	1,285,861	45,038,981	183,109,842
2034-2038	190,175,000	341,186	14,160,290	204,676,476
2039-2043	15,215,000	25,235	737,682	15,977,917
2044-2048	1,740,000	6,902	159,119	1,906,021
2049-2051	-	-	-	-
	$ 358,495,000	$ 6,284,427	$ 220,405,422	$ 585,184,849

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 is exposed to rollover risk on the following debt:

Bond Series	Debt Maturity Date	Swap Termination Date
2005 D	November 1, 2031	May 1, 2015

Mortgage-Backed Security (MBS) Forward Contracts

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

(continued on next page)

Outstanding forward sales contracts as of June 30, 2013 are as follows:

Forward Contracts to sell TBA Mortgage-Backed Securities	Notional Amount June 30, 2013	Trade Date	Delivery Date	Coupon Rate	Fair Values June 30, 2013	Moody's Credit Rating
Bank of America Merrill Lynch						
GNMA II	$ 551,700	6/17/2013	8/20/2013	3.00%	$ 16,982	Not rated
GNMA II	1,000,000	6/17/2013	8/20/2013	3.00%	30,781	Not rated
GNMA II	370,000	6/17/2013	8/20/2013	3.50%	8,094	Not rated
Bank of New York Mellon						
FNMA	1,000,000	5/7/2013	7/15/2013	3.00%	57,344	Aa1
FNMA	245,000	6/7/2013	7/15/2013	3.00%	6,048	Aa1
GNMA II	1,000,000	4/24/2013	7/22/2013	3.00%	68,594	Aa1
GNMA II	1,000,000	5/15/2013	7/22/2013	3.50%	37,656	Aa1
GNMA II	500,000	5/24/2013	8/20/2013	3.50%	14,844	Aa1
GNMA II	400,000	6/12/2013	8/20/2013	3.50%	6,125	Aa1
GNMA II	300,000	6/12/2013	8/20/2013	4.00%	3,328	Aa1
GNMA II	626,650	6/17/2013	8/20/2013	3.50%	12,729	Aa1
FNMA	500,000	6/28/2013	9/12/2013	4.50%	-	Aa1
Simmons First						
GNMA II	400,000	6/7/2013	8/20/2013	3.50%	6,438	Not rated
GNMA II	1,800,000	6/28/2013	9/19/2013	4.00%	843	Not rated
GNMA II	800,000	6/28/2013	9/19/2013	4.50%	(500)	Not rated
	$ 10,493,350				$ 269,306	

Note 8 - 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:

	2013	2012
Bond and notes reserve	**$ 3,426,806**	$ 3,927,975
Program operations reserve	**4,944,029**	3,161,864
Total	**$ 8,370,835**	$ 7,089,839

(continued on next page)

Note 9 - Commitments:

As of June 30, 2013, the Authority had the following Homeownership Mortgage Program commitments:

- Commitments to fund the Homeownership Mortgage Program aggregating $41,829,042.

Note 10 - Segment Information:

The Authority issues bonds to finance the purchase of single family homes and multifamily developments. The bond programs are accounted for in a single enterprise fund, but investors in those bonds rely on the revenue generated by the activities within the individual bond indentures. Summary financial information as of and for the year ended June 30, 2013 and 2012, for the Homeownership Mortgage Program Bonds, Single Family Mortgage Bonds and the Multiple Purpose Bonds follows:

	2013			2012		
	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)	**$ 3,387,232**	**$ 8,828,798**	**$ (204,579)**	$ 33,360,711	$ (20,551,022)	$ (84,944)
Current assets	**219,874,662**	**24,047,593**	**16,254,827**	178,798,340	56,146,483	20,319,214
Noncurrent assets	**1,159,941,068**	**278,628,745**	**73,442,338**	1,346,180,811	310,313,226	75,930,655
Total Assets	**1,383,202,962**	**311,505,136**	**89,492,586**	1,558,339,862	345,908,687	96,164,925
Deferred Outflow of Resources	**23,937,789**	**-**	**645,812**	36,052,913	-	939,614
Total Assets and Deferred Outflow of Resources	**$ 1,407,140,751**	**$ 311,505,136**	**$ 90,138,398**	$ 1,594,392,775	$ 345,908,687	$ 97,104,539
Liabilities						
Current liabilities	**$ 41,941,152**	**$ 8,471,471**	**$ 2,145,080**	$ 45,633,828	$ 8,658,332	$ 3,545,621
Noncurrent liabilities	**1,030,801,444**	**299,995,148**	**29,001,572**	1,202,930,852	333,510,613	34,675,394
Total Liabilities	**1,072,742,596**	**308,466,619**	**31,146,652**	1,248,564,680	342,168,945	38,221,015
Deferred Inflow of Resources	**269,306**	**-**	**-**	-	-	-
Total Liabilities and Deferred Inflow of Resources	**1,073,011,902**	**308,466,619**	**31,146,652**	1,248,564,680	342,168,945	38,221,015
Net Position						
Net investment in capital assets	**-**	**-**	**(1,146,244)**	-	-	(1,037,776)
Restricted by bond indentures	**334,128,849**	**3,038,517**	**60,137,990**	345,828,095	3,739,742	59,921,300
Total Liabilities, Deferred Inflows, and Net Position	**$ 1,407,140,751**	**$ 311,505,136**	**$ 90,138,398**	$ 1,594,392,775	$ 345,908,687	$ 97,104,539
Condensed Statement of Revenues, Expenses, and Changes in Net Position						
Operating revenues	**$ 35,440,914**	**$ 12,374,072**	**$ 2,084,764**	$ 75,441,961	$ 13,671,399	$ 3,751,347
Operating expenses	**45,128,680**	**12,575,297**	**1,976,542**	60,507,558	11,940,668	1,730,378
Operating income	**(9,687,766)**	**(201,225)**	**108,222**	14,934,403	1,730,731	2,020,969
Transfers in (out)	**(2,011,480)**	**(500,000)**	**-**	(701,852)	(1,197,231)	28,373
Change in net position	**(11,699,246)**	**(701,225)**	**108,222**	14,232,551	533,500	2,049,342
Beginning net position	**345,828,095**	**3,739,742**	**58,883,524**	331,595,544	3,206,242	56,834,182
Ending net position	**$ 334,128,849**	**$ 3,038,517**	**$ 58,991,746**	$ 345,828,095	$ 3,739,742	$ 58,883,524
Condensed Statement of Cash Flows						
Net cash provided (used) by:						
Operating activities	**$ 235,621,217**	**$ 26,777,667**	**$ 1,263,563**	$ 286,098,483	$ (76,617,522)	$ 4,302,981
Noncapital financing activities	**(208,873,753)**	**(45,188,637)**	**(8,098,852)**	(250,331,966)	20,267,751	(6,852,808)
Capital and related financing activities	**-**	**-**	**(65,283)**	-	-	(14,719)
Investing activities	**18,097,000**	**(11,783,721)**	**6,417,888**	(62,937,093)	(4,975,941)	3,235,106
Net change	**44,844,464**	**(30,194,691)**	**(482,684)**	(27,170,576)	(61,325,712)	670,560
Beginning cash and cash equivalents	**104,802,532**	**38,419,015**	**3,414,853**	131,973,108	99,744,727	2,744,293
Ending cash and cash equivalents	**$ 149,646,996**	**$ 8,224,324**	**$ 2,932,169**	$ 104,802,532	$ 38,419,015	$ 3,414,853

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Note 11 - Pension Plan:

Plan Description:

The Authority contributes to the South Dakota Retirement System (SDRS), a cost sharing multiple employer defined benefit pension plan. SDRS provides retirement, disability and survivor benefits to plan members and beneficiaries. SDCL Chapter 3-12 outlines the benefits and provisions of the plan.

Plan Administration:

Administration of the plan is assigned to the Board of Trustees of SDRS. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information for SDRS. Their financial report may be obtained by writing directly to South Dakota Retirement System, P.O. Box 1098, Pierre, SD 57501, or by calling SDRS at (605) 773-3731.

Funding Policy:

Plan members are required to contribute 6% of their annual covered salary and the Authority is required to match an additional 6%. These rates are based on actuarial determinations to provide a contribution requirement equal to the contributions made. The contribution requirements are established and may be amended by the SDRS Board of Trustees. The Authority's contributions to SDRS were $165,143, $171,138, and $170,633 for the years ended June 30, 2013, 2012, and 2011, respectively.

Note 12 - Contingencies:

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

Note 13 - Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended June 30, 2013 and 2012, the Authority managed its risks as follows:

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

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Note 14 - Capital Assets:

	Beginning Balance July 1, 2012	Increase	Decrease	Ending Balance June 30, 2013
Capital assets not depreciated				
Land	**$ 220,409**	**$ -**	**$ -**	**$ 220,409**
Total capital assets not depreciated	**220,409**	**-**	**-**	**220,409**
Capital assets depreciated				
Buildings	**4,949,532**	**-**	**-**	**4,949,532**
Land improvements	**1,210,115**	**-**	**-**	**1,210,115**
Furniture and equipment	**3,556,728**	**531,733**	**81,186**	**4,007,275**
Total capital assets depreciated	**9,716,375**	**531,733**	**81,186**	**10,166,922**
Total capital assets	**9,936,784**	**531,733**	**81,186**	**10,387,331**
Less accumulated depreciation for:				
Buildings	**459,705**	**125,733**	**-**	**585,438**
Land improvements	**487,705**	**57,035**	**-**	**544,740**
Furniture and equipment	**2,479,982**	**226,854**	**81,186**	**2,625,650**
Total accumulated depreciation	**3,427,392**	**409,622**	**81,186**	**3,755,828**
Capital assets, net	**$ 6,509,392**	**$ 122,111**	**$ -**	**$ 6,631,503**

	Beginning Balance July 1, 2011	Increase	Decrease	Ending Balance June 30, 2012
Capital assets not depreciated				
Land	$ 220,409	$ -	$ -	$ 220,409
Total capital assets not depreciated	220,409	-	-	220,409
Capital assets depreciated				
Buildings	4,949,532	-	-	4,949,532
Land improvements	1,210,115	-	-	1,210,115
Furniture and equipment	3,379,722	361,336	184,330	3,556,728
Total capital assets depreciated	9,539,369	361,336	184,330	9,716,375
Total capital assets	9,759,778	361,336	184,330	9,936,784
Less accumulated depreciation for:				
Buildings	333,974	125,731	-	459,705
Land improvements	430,677	57,028	-	487,705
Furniture and equipment	2,445,926	212,504	178,448	2,479,982
Total accumulated depreciation	3,210,577	395,263	178,448	3,427,392
Capital assets, net	$ 6,549,201	$ (33,927)	$ 5,882	$ 6,509,392

(continued on next page)

Note 15 - Accounts Payable and Other Accruals:

Payables at June 30, 2013 and 2012 were as follows:

	2013	2012
Accounts Payable		
Contractual	**$ 30,221**	$ 187,007
Travel/moving costs	**12,869**	11,389
Office	**13,898**	5,140
Marketing	**10,398**	68,523
Maintenance	**4,400**	4,223
Housing grants	**-**	800
Capital assets	**105,316**	-
Deferred financing costs	**30,249**	101,191
General	**25,933**	65
FICA	**-**	27,520
Prepaid sales	**72,378**	36,781
Excise/Unemployment tax	**11,771**	6,086
Materials/tools	**68,023**	102,186
	385,456	550,911
Other Liabilities		
Arbitrage rebate	**(782,675)**	996,652
Amount held for SD Homebuilders Association	**950,768**	-
Accrued vacation	**517,686**	527,027
Accrued salaries	**127,063**	-
Employee withholdings	**-**	14,007
EMAP payable	**13,776**	26,238
Servicing fee	**206,771**	271,097
Estes Park	**98,796**	98,796
Total accounts payable and other liabilities	**1,517,641**	2,484,728
Current liabilities	**1,349,548**	1,488,076
Noncurrent liabilities	**$ 168,093**	$ 996,652

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South Dakota Housing Development Authority

Supplementary Information
June 30, 2013

Assets	General Operating Account	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Multifamily Housing Revenue Bonds	Multifamily Mortgage Pass-Through Bonds	Multifamily Risk Sharing Bonds	Combined Total
Current Assets								
Cash and cash equivalents	$ 4,646,437	$ 149,646,996	$ 8,224,324	$ 2,932,169	$ 669,930	$ 5	$ 398,279	**$ 166,518,140**
Investment securities - other	1,760,420	24,252,644	-	10,236,530	-	-	-	**36,249,594**
Mortgage loans receivable, net	2,982,936	38,782,636	14,583,751	2,414,883	-	-	-	**58,764,206**
Guaranteed mortgage securities	-	-	-	-	372,847	1,356,360	197,286	**1,926,493**
Interest receivable	205,909	6,923,080	1,239,518	671,245	20,314	-	72,409	**9,132,475**
Other receivables	289,337	-	-	-	-	-	-	**289,337**
Other assets	1,586,215	-	-	-	-	-	-	**1,586,215**
Hedging derivatives	-	269,306	-	-	-	-	-	**269,306**
Total Current Assets	11,471,254	219,874,662	24,047,593	16,254,827	1,063,091	1,356,365	667,974	**274,735,766**
Noncurrent Assets								
Investment securities - other	15,939,475	382,965,106	21,900,932	37,281,126	1,667,970	-	623,957	**460,378,566**
Investments - program mortgage-backed securities	-	97,495,263	-	-	-	-	-	**97,495,263**
Mortgage loans receivable, net	72,474,260	670,698,745	254,144,085	30,408,441	-	-	-	**1,027,725,531**
Guaranteed mortgage securities	-	-	-	-	27,187,103	3,459,868	12,111,936	**42,758,907**
Other receivables	-	1,270,141	-	-	-	-	-	**1,270,141**
Furniture and equipment, net	857,440	-	-	524,185	-	-	-	**1,381,625**
Building, net	156,850	-	-	4,207,244	-	-	-	**4,364,094**
Land Improvement, net	43,048	-	-	622,327	-	-	-	**665,375**
Land	220,409	-	-	-	-	-	-	**220,409**
Deferred financing costs, net	-	7,511,813	2,583,728	399,015	116,525	-	-	**10,611,081**
Other assets		-	-	-	-	-	-	**-**
Due from (to) other funds	(11,997,451)	3,387,232	8,828,798	(204,579)	(9,000)	-	(5,000)	**-**
Total Noncurrent Assets	77,694,031	1,163,328,300	287,457,543	73,237,759	28,962,598	3,459,868	12,730,893	**1,646,870,992**
Total Assets	89,165,285	1,383,202,962	311,505,136	89,492,586	30,025,689	4,816,233	13,398,867	**1,921,606,758**
Deferred Outflow of Resources								
Deferred swap outflow (Note 7)	-	23,937,789	-	645,812	-	-	-	**24,583,601**
Total Assets and Deferred Outflow of Resources	$ 89,165,285	$ 1,407,140,751	$ 311,505,136	$ 90,138,398	$ 30,025,689	$ 4,816,233	$ 13,398,867	**$ 1,946,190,359**

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	General Operating Account	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Multifamily Housing Revenue Bonds	Multifamily Mortgage Pass-Through Bonds	Multifamily Risk Sharing Bonds	Combined Total
Liabilities								
Current Liabilities								
Bonds payable	$ -	$ 35,720,000	$ 6,670,000	$ 2,075,000	$ 125,729	$ 1,356,360	$ 205,000	**$ 46,152,089**
Accrued interest payable	-	6,063,285	1,738,791	70,080	120,432	-	214,111	**8,206,699**
Accounts payable and other liabilities	1,030,205	157,867	62,680	-	-	-	98,796	**1,349,548**
Multifamily escrows and reserves	14,147,757	-	-	-	254,858	-	132,680	**14,535,295**
Total Current Liabilities	15,177,962	41,941,152	8,471,471	2,145,080	501,019	1,356,360	650,587	**70,243,631**
Noncurrent Liabilities								
Bonds payable	-	1,007,646,330	299,995,148	28,355,760	29,237,476	3,459,868	12,580,000	**1,381,274,582**
Accounts payable and other liabilities	950,768	(782,675)	-	-	-	-	-	**168,093**
Hedging derivatives	-	23,937,789	-	645,812	-	-	-	**24,583,601**
Total Noncurrent Liabilities	950,768	1,030,801,444	299,995,148	29,001,572	29,237,476	3,459,868	12,580,000	**1,406,026,276**
Total Liabilities	16,128,730	1,072,742,596	308,466,619	31,146,652	29,738,495	4,816,228	13,230,587	**1,476,269,907**
Deferred Inflow of Resources								
Deferred forward contract inflow	-	269,306	-		-	-	-	**269,306**
Total Liabilities and Deferred Inflow of Resources	16,128,730	1,073,011,902	308,466,619	31,146,652	29,738,495	4,816,228	13,230,587	**1,476,539,213**
Net Position								
Net investment in capital assets	1,277,747	-	-	(1,146,244)	-	-	-	**131,503**
Restricted by statue	7,093,088	-	-	-	-	-	-	**7,093,088**
Restricted by bond indentures	-	334,128,849	3,038,517	60,137,990	287,194	5	168,280	**397,760,835**
Restricted by HOME and NSP Program	64,665,720	-	-	-	-	-	-	**64,665,720**
Total Net Position	73,036,555	334,128,849	3,038,517	58,991,746	287,194	5	168,280	**469,651,146**
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 89,165,285	$ 1,407,140,751	$ 311,505,136	$ 90,138,398	$ 30,025,689	$ 4,816,233	$ 13,398,867	**$ 1,946,190,359**

Operating Revenues	General Operating Account	Homeownership Mortgage Bonds	Single Family Mortgage Bonds	Multiple Purpose Bonds	Multifamily Housing Revenue Bonds	Multifamily Mortgage Pass-Through Bonds	Multifamily Risk Sharing Bonds	Combined Total
Interest income on mortgage loans and guaranteed mortgage securities	$ 244,582	$ 43,014,066	$ 12,808,466	$ 2,137,901	$ 399,517	$ 472,362	$ 689,237	**$ 59,766,131**
Earnings on investments and program mortgage-backed securities	130,856	12,328,827	355,906	1,573,618	23,463	5	32,637	**14,445,312**
Net increase/(decrease) in fair value of investments	(251,202)	(19,901,979)	(790,300)	(1,629,014)	(75,941)	-	-	**(22,648,436)**
HUD contributions	31,936,346	-	-	-	-	-	-	**31,936,346**
Fee, grant and other income	6,919,313	-	-	2,259	-	-	-	**6,921,572**
Total Operating Revenues	38,979,895	35,440,914	12,374,072	2,084,764	347,039	472,367	721,874	**90,420,925**
Operating Expenses								
Interest	-	40,700,965	10,974,391	1,331,051	354,228	472,362	716,123	**54,549,120**
Housing assistance payments	23,892,090	-	-	-	-	-	-	**23,892,090**
Servicer fees	-	2,337,914	974,572	-	-	-	-	**3,312,486**
Arbitrage rebate benefit	-	(1,779,327)	-	-	-	-	-	**(1,779,327)**
General and administrative	4,974,512	269,278	64,440	481,781	3,936	-	-	**5,793,947**
Amortization of deferred financing costs	-	2,285,701	474,587	93,277	6,588	-	-	**2,860,153**
Other housing programs	6,252,046	31,250	-	136,306	-	-	-	**6,419,602**
Provision for loan loss	731,194	1,282,899	87,307	(65,873)	-	-	-	**2,035,527**
Total Operating Expenses	35,849,842	45,128,680	12,575,297	1,976,542	364,752	472,362	716,123	**97,083,598**
Net Income Before Interfund Transfers	3,130,053	(9,687,766)	(201,225)	108,222	(17,713)	5	5,751	**(6,662,673)**
Interfund Transfers	2,511,480	(2,011,480)	(500,000)	-	-	-	-	**-**
Changes in Net Position	5,641,533	(11,699,246)	(701,225)	108,222	(17,713)	5	5,751	**(6,662,673)**
Net Position, Beginning of Fiscal Year	67,395,022	345,828,095	3,739,742	58,883,524	304,907	-	162,529	**476,313,819**
Net Position, End of Fiscal Year	$ 73,036,555	$ 334,128,849	$ 3,038,517	$ 58,991,746	$ 287,194	$ 5	$ 168,280	**$ 469,651,146**