

Annual Financial Report

Fiscal Year 2024



A Component Unit of the State of Minnesota

MINNESOTA HOUSING FINANCE AGENCY
Annual Financial Report as of and for the year ended June 30, 2024

TABLE OF CONTENTS

	Page #
I. INTRODUCTORY SECTION (UNAUDITED)	
Commissioner's Report	2-3
II. FINANCIAL SECTION	
Independent Auditors' Report	4-7
Management's Discussion and Analysis of Financial Condition and Results of Operations (Unaudited)	8-23
Basic Financial Statements:	
Agency-wide Financial Statements:	
Statement of Net Position	24
Statement of Activities	25
Fund Financial Statements:	
Statement of Net Position — Proprietary Funds	26-27
Statement of Revenues, Expenses and Changes in Net Position — Proprietary Funds	28-29
Statement of Cash Flows — Proprietary Funds	30-33
Index to Notes to the Financial Statements	34
Notes to Financial Statements	35-82
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedules of Selected Pension and Post-Employment Benefits Other Than Pension (OPEB) Information	83-85
SUPPLEMENTARY INFORMATION	
Fund Financial Statements:	
Statement of Net Position — General Reserve and Bond Funds	86-87
Statement of Revenues, Expenses and Changes in Net Position — General Reserve and Bond Funds	88-89
Statement of Cash Flows — General Reserve and Bond Funds	90-93
III. OTHER INFORMATION (UNAUDITED)	
General Reserve and Bond Funds, Five Year Financial Summary	94
Contact Information	95

MINNESOTA HOUSING FINANCE AGENCY

Commissioner's Report

Minnesota Housing spent much of 2024 Going Big on every front. The state legislature's historic commitment of \$1.3 billion to housing in May 2023 has required the Agency to balance the urgency of the housing needs with the complexity and demands of establishing over 15 new programs.

The Agency has made significant strides in hiring new staff, creating a new Housing Stability Division and a new Local Government team and building new programs from scratch in a coordinated manner. Several new programs have already launched, and others will soon open as we end 2024 and head into 2025.

The legislature directed about half of the housing funds to capital resources to create and preserve housing, about a quarter of the funds to increase housing stability, and just under a quarter of the funds to make homeownership more accessible.

While about \$750 million was directed to programs that were already up and running at Minnesota Housing, another \$400 million went toward new programs that did not yet exist and had to be created. An additional \$180 million went toward legislatively named grantees, each of which require contracts with the Agency.

As might be expected, the funds that were directed to existing programs have proven to be the fastest to be deployed. The Agency was able to award over \$250 million to multifamily and single-family developments from state resources in December 2023 as part of its annual project selections, the most ever selected. This included \$160 million in Housing Infrastructure resources. The Agency's overall selections are expected to produce the following housing outcomes:

- 28 multifamily developments that will create and/or preserve 1,486 rental units,
- 78 single-family proposals that will create and/or preserve 1,314 homes, and
- 19 manufactured housing communities will receive infrastructure upgrades to improve 1,920 home lots in manufactured home communities.

Beyond the Consolidated RFPs for multifamily and single-family activities and manufactured housing selections, Minnesota Housing conducted numerous RFPs in the first half of 2024 that greatly expanded funding for the following existing programs:

- Over \$100 million in Family Homeless Prevention Assistance to provide financial stability to families at risk of eviction or homelessness.
- \$39.5 million for the Publicly Owned Housing Program to rehabilitate public housing across the state.
- The Greater Minnesota Workforce Housing Development program opened in spring 2024 and received \$100 million in requests for \$39 million available. Selections will be made in fall 2024.
- \$50 million for Agency downpayment assistance through our statewide lender network.

The Agency also successfully designed and launched several new programs:

- The Stable Housing Organization Relief Program awarded \$50 million in assistance to nonprofit housing developers.
- The First-Generation Homeownership Loan Program opened in May 2024 with \$50 million for people who have never owned a home before, nor have their parents (or lost a home to foreclosure).
- Many more programs are in the works that will open later in 2024 or early 2025 including the statewide Bring It Home rental assistance, Homeownership Investment Grants, Community Stabilization, High-Rise Sprinkler Grants and more, providing more than \$250 million additional housing resources.

The Agency has also signed contracts with the majority of the legislatively named grantees, including:

- \$100 million for Midwest Minnesota Community Development Corporation to run a First-Generation Downpayment Assistance program similar to Minnesota Housing's program,
- \$10 million for Northcountry Cooperative Foundation to help residents of manufactured housing communities develop cooperative ownership models, and
- \$10 million for Family Homeless Prevention Assistance allocated directly to Tribal Nations for the first time in Agency history.

MINNESOTA HOUSING FINANCE AGENCY

Commissioner's Report (continued)

Helping Minnesotans achieve homeownership

Despite higher interest rates than previous years and continued low inventory of homes, Minnesota Housing's home mortgage production continued to deliver at a pace of over \$1 billion in loans a year. For the most recent program year that complete data is available (federal fiscal year 2023):

- Programs for first-time and repeat homebuyers totaled more than \$1.1 billion in mortgage financing for over 4,400 households.
- The Agency provided \$62 million in loans to cover downpayment and closing costs related to first-mortgage financing.
- Over 1,300 borrowers accessed more than \$40 million in capital to improve or rehabilitate their homes.
- The Agency delivered 37% of its first-time homebuyer mortgages to Black and Indigenous households and households of color, compared to the mortgage industry of 23% in Minnesota.

Providing housing stability to people with low incomes

In addition to direct lending, Minnesota Housing administers a variety of programs that provide rental and homelessness prevention assistance, access to supportive housing for individuals and families who are homeless or who face housing instability, as well as individuals experiencing behavioral health issues. Minnesota Housing runs grant programs providing resources aimed at making homelessness rare, brief and one-time. Minnesota Housing also manages the federal Section 8 performance-based contract programs on behalf of the United States Department of Housing and Urban Development.

- Administered programs to assist individuals and families who are homeless or who face housing instability, reaching over 10,000 individuals and families in the most recent year.
- Delivered more than \$236 million in Section 8 rental assistance on behalf of HUD to serve nearly 30,000 units across Minnesota.

Commitment to Equity and Inclusion

Minnesota Housing is committed to applying an equity lens in all of its work, from hiring practices, to program design, to investments in new partners. Governments have played a role in creating racial disparities and must play a role in righting them.

Per Minnesota Housing's 2024-2027 Strategic Plan, the Agency aims to create an inclusive, equitable and just housing system by addressing the root causes of deep and systemic disparities. Doing so will help the Agency address disparities in housing access as well as close the homeownership gap between white households and Black, Indigenous and households of color. The Agency centers the people and places most impacted by housing instability at the heart of our decision making.

Minnesota Housing wishes to express its gratitude to its partners and investors across the state and country, and to the Agency's dedicated staff, without whom these tremendous accomplishments would not be possible.



Jennifer Leimaile Ho, Commissioner
Minnesota Housing

Independent Auditor's Report

Board of Directors
Minnesota Housing Finance Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of Minnesota Housing Finance Agency (the Agency), a component unit of the State of Minnesota, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Agency, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2024, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplementary information as listed in the table of contents as of and for the year ended June 30, 2024, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2024, 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 accompanying supplementary information as listed in the accompanying table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2024.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Agency as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated October 6, 2023 which contained unmodified opinions on the respective financial statements of the business-type activities and each major fund. The accompanying supplementary information as listed in the table of contents for the year ended June 30, 2023 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2023 financial statements. The information was subjected to the audit procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2023.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other information section as listed in the accompanying table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Agency's June 30, 2023, financial statements and we expressed unmodified opinions on the respective financial statements of the business-type activities and each major fund in our report dated October 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

RSM US LLP

Duluth, Minnesota
December 9, 2024

MINNESOTA HOUSING FINANCE AGENCY

A Component Unit of the State of Minnesota

Management's Discussion and Analysis of Financial Condition and Results of Operations (unaudited)

Introduction

Management's Discussion and Analysis of Financial Condition and Results of Operations is not audited. However, it is supplementary information required by accounting principles generally accepted in the United States of America. This discussion should be read in conjunction with the financial statements and notes thereto.

The Minnesota Housing Finance Agency (Minnesota Housing or the Agency) was created in 1971 by the Minnesota legislature through the enactment of Minnesota Statutes, Chapter 462A, which has been amended from time to time. The Agency was established to facilitate the construction and rehabilitation of housing in Minnesota for families of low- and moderate-income by providing mortgage loans, development loans, and technical assistance to qualified housing sponsors. Minnesota Housing is a component unit of the State of Minnesota and receives appropriations from the state legislature, substantially all of which are used to make loans or grants under specified state-defined programs and to pay debt service and related expenses on state appropriation-backed housing bonds. Minnesota Housing also receives funds appropriated by the federal government for similar program purposes and distribution of emergency assistance. The Agency's mission is affordable housing.

Minnesota Housing is authorized to issue its general obligation bonds and notes to fulfill its corporate purposes up to a total outstanding amount of \$9.0 billion and to incur other indebtedness. None of the bonds, notes or other indebtedness is a debt of the State of Minnesota or any political subdivision thereof.

Minnesota Housing operates four program divisions; Multifamily, Single Family, Housing Stability and Community Development which offer housing programs with funding from the sale of tax-exempt and taxable bonds, state and federal appropriations, the Housing Development Fund, Alternative Loan Fund, and the State budget investment. The federal Low Income Housing Tax Credit is another resource the Agency allocates. The members of Minnesota Housing (the Board) consist of six public members appointed by the Governor with the advice and consent of the state senate for terms of four years and the State Auditor as an ex-officio member.

Discussion of Financial Statements

The Financial Section of this report consists of the following parts including: the independent auditors' report, required supplementary information, (this section), the basic financial statements and supplementary information. The basic financial statements are prepared on an accrual basis and presented on an agency-wide basis and by fund.

- Agency-wide financial statements provide information about Minnesota Housing's overall financial position and results of operations. These statements consist of the Statement of Net Position and the Statement of Activities. Significant interfund transactions have been eliminated within the agency-wide statements. Assets and revenues of the separate funds that comprise the agency-wide financial statements are generally restricted as to use, and the reader should not assume they may be used for every corporate purpose.
- The fund financial statements provide information about the financial position and results of operations for Minnesota Housing's eight proprietary funds.
- The financial statements also include notes to financial statements which provide more detailed explanations of certain information contained in the agency-wide and fund financial statements.

Required and other Supplementary Information is presented following the Notes to Financial Statements for certain funds of Minnesota Housing, which have been established under the bond resolutions under which Minnesota Housing issues bonds and other debt for its programs. These funds consist of General Reserve and the bond funds, which are Rental Housing, Residential Housing Finance, Homeownership Finance, Home Ownership Mortgage-backed Exempt Securities (HOMESSM), and Multifamily Housing.

The basic financial statements also include summarized comparative totals as of and for the year ended June 30, 2023. Although not required, these comparative totals are intended to facilitate an understanding of Minnesota Housing's financial position and results of operations for fiscal year 2024 in comparison to the prior fiscal year.

MINNESOTA HOUSING FINANCE AGENCY

A Component Unit of the State of Minnesota

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued – unaudited)

General Overview

Minnesota Housing financial statements are presented in two formats: agency-wide and by fund. Funds include Rental Housing, Residential Housing Finance, Homeownership Finance, Multifamily Housing, and HOMESSM (collectively the bond funds); State and Federal Appropriated (collectively the appropriated funds) and General Reserve. Agency-wide financial statements are provided to display a comprehensive view of all Minnesota Housing funds as required by accounting principles generally accepted in the United States of America applicable to governmental entities under accounting standards promulgated from time to time by the Governmental Accounting Standards Board (GASB). Agency-wide financial statements reflect totals of similar accounts for various funds. However, substantially all of the funds in these accounts are restricted as to use by Agency covenants or legislation as further described below.

Assets and revenues of the bond funds are restricted to uses specifically set forth in the respective bond resolutions and are pledged for the primary benefit of the respective bondholders and interest rate swap agreement counterparties. General Reserve is created under the Minnesota Housing bond resolutions as part of the pledge of the general obligation of Minnesota Housing. Minnesota Housing covenants in the bond resolutions that it will use the assets in General Reserve only for administration and financing of programs in accordance with the policy and purpose of the Minnesota Housing enabling legislation, including reserves for the payment of bonds and notes and of loans made from the proceeds thereof, and to accumulate and maintain therein such a balance of funds and investments as will be sufficient for the purpose.

Minnesota Housing has no taxing power and neither the State of Minnesota nor any political subdivision thereof is legally obligated to pay the principal of or interest on bonds or other obligations issued by Minnesota Housing. The state has pledged to and agreed with bondholders that it will not limit or alter the rights vested in Minnesota Housing to fulfill the terms of any agreements made with bondholders or in any way impair the rights and remedies of the bondholders.

Public funds directly appropriated to Minnesota Housing by the State of Minnesota or made available to Minnesota Housing from the federal government are restricted by law to specified uses set forth in the state appropriations or federal contracts. Assets and revenues of appropriated funds are not pledged or available to secure bonds issued under the bond funds or other obligations of Minnesota Housing or its general obligation pledge in respect thereof.

In addition to its audited annual financial statements, Minnesota Housing has published unaudited quarterly disclosure reports for Residential Housing Finance and Homeownership Finance bond resolutions and unaudited semiannual disclosure reports for the Rental Housing bond resolution. Recent disclosure reports can be found in the "Investors" section on Minnesota Housing's web site at <https://www.mnhousing.gov> and on EMMA (Electronic Municipal Markets Access system) at emma.msrb.org.

Discussion of Individual Funds

General Reserve

The purposes of General Reserve are to maintain sufficient liquidity for Minnesota Housing operations, to hold escrowed funds and to maintain the Housing Endowment Fund (also referred to as Pool 1). The costs of administering Minnesota Housing programs are captured on the Statement of Revenues, Expenses, and changes in Net Position for General Reserve. The fees earned are generally related to the administration of the federal Low Income Housing Tax Credit program, administration of the federal Housing Assistance Payment program, and contract administration of the Section 8 program for developments not financed by Minnesota Housing.

Rental Housing

Over 55% of the developments with a first mortgage loan presently held in Rental Housing receive Section 8 payments under contracts with U.S. Department of Housing and Urban Development ("HUD"), 63% of the principal amount of multifamily first mortgage loans receivable held in Rental Housing are insured by HUD pursuant to a risk sharing agreement whereby HUD agrees to assume 50% or greater of the loss upon a default of the mortgage loan.

MINNESOTA HOUSING FINANCE AGENCY

A Component Unit of the State of Minnesota

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued – unaudited)

Inherent risks remain in these portfolios, especially for multifamily developments without project-based tenant subsidies or HUD risk sharing agreements. Maintaining asset quality is a high priority for Minnesota Housing; therefore, this portfolio receives a significant amount of oversight.

All of Minnesota Housing's bond-financed multifamily loans, except loans financed under state appropriation-backed housing bonds, conduit bonds, and one loan under Multifamily Housing, are financed in Rental Housing as of June 30, 2024. Funds in excess of bond resolution requirements may be withdrawn and used to redeem any Agency bonds, to fund housing programs and for Agency operations.

Residential Housing Finance

Included within Residential Housing Finance are the bonds issued and outstanding under the Residential Housing Finance bond resolution, the 2018 limited obligation Index Bank Note issued under a separate trust indenture, the General Purpose Bonds issued under a separate trust indenture, and the restricted by covenant, Alternative Loan Fund which consists of the Housing Investment Fund (Pool 2), and the Housing Affordability Fund (Pool 3). The Alternative Loan Fund is not pledged as security for any bonds of the Agency but is available to pay debt service on any bonds except state appropriation-backed bonds and conduit bonds.

Bonds have been issued for the purpose of funding purchases of single family first mortgage loans, mortgage-backed securities backed by single family mortgage loans, certain down payment and closing cost housing assistance loans, and unsecured and secured subordinated home improvement mortgage loans. The mortgage-backed securities are guaranteed as to payment of principal and interest by one of the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC). The majority of the single family first mortgage loans financed by these bond issues are insured by private mortgage insurance or the Federal Housing Administration (FHA) or guaranteed by the U.S. Department of Veterans Affairs (VA) or the U.S. Department of Agriculture Rural Development (RD). While mortgage insurance and guarantees help mitigate the risk of loss to the Agency, inherent risks remain including the impact of declining home values on default recoveries and the risk of deterioration to the credit worthiness of insurers. The Agency's collection experience among mortgage insurers has been generally favorable.

This bond resolution, along with the Homeownership Finance bond resolution, are the principal sources of financing for bond-financed homeownership programs. Minnesota Housing may also issue bonds for its home improvement loan program under this bond resolution although no bonds were issued to support home improvement lending during fiscal year 2024.

Assets of Pool 2 consist of investment quality housing loans, as defined by the Agency, and investment grade securities. During fiscal year 2024 this fund provided capital for several Agency programs including its home improvement loan program and its multifamily first-mortgage loan program. It also provided capital for warehousing purchases of mortgage-backed securities secured by single family first mortgage loans before those securities are permanently financed by issuing bonds or sold into the to-be-announced (TBA) market. In addition, it provided capital for amortizing second lien homeownership loans made in conjunction with the Agency's single family first mortgage loans, for tax credit bridge loans, for loans to partner organizations to acquire, rehabilitate and sell foreclosed homes and to develop new affordable housing, and index bank note interest expenses, and for contributions related to bond sales. The fund may also provide interim financing for construction and rehabilitation of single-family housing and may be used to advance funds to retire debt.

Assets of Pool 3 consist of investment-grade securities when not utilized for program purposes. Program purposes include but are not limited to no-interest loans, loans at interest rates substantially below market, high risk loans, deferred loans, revolving funds, and grants. During fiscal year 2024 funds from Pool 3 were used for down payment and closing cost assistance loans for first-time homebuyers, below-market interim financing for construction and rehabilitation of single-family housing, capital costs and rental assistance for permanent supportive housing, advances for certain multifamily housing developments in anticipation of permanent funding and deferred, subordinated multifamily loans.

MINNESOTA HOUSING FINANCE AGENCY

A Component Unit of the State of Minnesota

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued – unaudited)

Funds in excess of bond resolution requirements may be withdrawn and used to redeem any Agency bonds, to fund housing programs and for Agency operations.

Homeownership Finance

This bond resolution was originally adopted for the purpose of issuing mortgage revenue bonds under the United States Treasury's Single Family New Issue Bond Program (NIBP). Non-NIBP mortgage revenue bonds, which also meet resolution requirements, have also been issued under this resolution. Bonds issued under this resolution fund mortgage-backed securities backed by single family mortgage loans. These securities are guaranteed as to payment of principal and interest by one of the GNMA, FNMA or the FHLMC. Funds in excess of bond resolution requirements may be withdrawn and used to redeem any Agency bonds, to fund housing programs and for Agency operations.

HOMESSM

This bond indenture implements a program developed by the investment banking division of a major bank whereby the Agency issues and sells to the investment bank limited obligations of the Agency (HOMESSM certificates), each secured by a mortgage-backed security guaranteed by FNMA or GNMA. Minnesota Housing is not committed to sell any HOMESSM certificates but has the option to accept the investment bank's bid for HOMESSM certificates, which may be a higher price than the Agency could achieve by selling the mortgage-backed security in the open market. The HOMESSM Certificates are not secured by the general obligation pledge of the Agency and are not protected by the moral obligation backing from the State of Minnesota. Since the initial issuance in fiscal year 2014, the Agency has not issued any additional HOMESSM certificates.

Multifamily Housing

This bond resolution was adopted for the purpose of issuing multifamily housing bonds under the United States Treasury's Multifamily New Issue Bond Program.

State and Federal Appropriated Funds

The appropriated funds are maintained by Minnesota Housing for the purpose of receiving and disbursing monies appropriated by the state and federal government for housing. All funds appropriated by the state and federal government must be used for specific uses as set forth in the state appropriations or federal contracts and except for funds appropriated to pay debt service on state appropriation-backed bonds are not pledged or available to secure the bondholders or creditors of Minnesota Housing. Because the Agency is the issuer of the state appropriation-backed bonds they are shown in bonds payable section even though they are not a general obligation of the Agency. These bonds are payable solely from appropriations from the State of Minnesota. Per the offering disclosures for these appropriation-backed bonds, the Agency has not pledged, and will not use or pledge its own resources to redeem or repay the bonds.

The State Appropriated Fund was established to account for funds, received from the state legislature, which are to be used for programs for low- and moderate-income persons and families and multifamily housing developments in the form of low-interest loans, no-interest deferred loans, low-interest amortizing loans, down-payment assistance, debt service and other costs associated with appropriation-backed housing bonds, and other housing-related program costs.

The Federal Appropriated Fund was established to account for funds received from the federal government which are to be used for programs for low- and moderate-income persons and families and multifamily housing developments in the form of no-interest deferred loans and grants in support of foreclosure counseling and remediation efforts, assistance to tax credit developments, federal emergency housing assistance and other housing-related program costs.

MINNESOTA HOUSING FINANCE AGENCY

A Component Unit of the State of Minnesota

Management's Discussion and Analysis of Financial Condition and Results of Operations Condensed Financial Information (continued – unaudited)

Selected Elements From Statement of Net Position (in \$000's)

	Agency-wide Total		
	Fiscal 2024	Fiscal 2023	Change
Cash and other investments	\$1,752,409	\$1,003,830	\$ 748,579
Investments - program securities mortgage-backed securities	4,149,290	3,176,976	972,314
Loans receivable, net	1,134,149	1,039,791	94,358
Capital assets, net	8,180	9,549	(1,369)
Other	88,998	55,962	33,036
Total assets	7,133,026	5,286,108	1,846,918
Total deferred outflows of resources	8,482	11,271	(2,789)
Total assets and deferred outflows	7,141,508	5,297,379	1,844,129
Long term liabilities (noncurrent)	5,295,379	4,245,175	1,050,204
Other (current)	379,967	276,289	103,678
Total liabilities	5,675,346	4,521,464	1,153,882
Deferred inflows of resources	74,266	56,158	18,108
Total liabilities and deferred inflows	5,749,612	4,577,622	1,171,990
Restricted by bond resolution	460,896	513,008	(52,112)
Restricted by covenant	560,499	558,741	1,758
Restricted by law	1,063,895	360,072	703,823
Unrestricted - state appropriation-backed debt	(355,809)	(288,924)	(66,885)
Unrestricted	(338,915)	(423,930)	85,015
Invested in capital assets	1,330	790	540
Total net position	\$1,391,896	\$ 719,757	\$ 672,139

	Agency-wide Total		
	Fiscal 2024	Fiscal 2023	Change
Operating Revenue			
Interest earned on loans	\$ 41,898	\$ 38,126	\$ 3,772
Interest earned on investments-program mortgage-backed securities	164,797	107,963	56,834
Appropriations received and appropriation recoveries	1,161,417	394,085	767,332
Fees and administrative reimbursements	86,266	57,336	28,930
Total operating revenues (1)	1,454,378	597,510	856,868
Operating Expenses			
Fees	3,957	3,420	537
Appropriations disbursed	455,526	413,608	41,918
Payroll, General & Administrative	98,623	72,916	25,707
Loan loss/value Adjustments	122,745	83,530	39,215
Total operating expenses (1)	680,851	573,474	107,377
Operating income (loss)	773,527	24,036	749,491
Nonoperating Revenues (Expenses)			
Interest earned on investments-other	87,111	35,836	51,275
Appropriations received	35,204	27,589	7,615
Net appreciation/depreciation in fair value on investments	(45,932)	(149,269)	103,337
Interest	(165,372)	(109,798)	(55,574)
Financing, net	(12,399)	(3,817)	(8,582)
Total nonoperating revenues (expenses)	(101,388)	(199,459)	98,071
Income (loss) before transfers and contributions	672,139	(175,423)	847,562
Non-operating transfer of assets between funds	-	-	-
Non-operating expenses	-	(559)	559
Change in net position	672,139	(175,982)	848,121
Beginning net position (deficit)	719,757	895,739	(175,982)
Ending net position (deficit)	\$1,391,896	\$ 719,757	\$ 672,139

(1) Agency-wide totals include interfund amounts

(2) Includes administrative reimbursements, net

Combined General Reserve and Bond Funds					Combined State and Federal Appropriations Funds		
Fiscal 2024							
Excluding Pool 3	Pool 3	Total	Fiscal 2023	Change	Fiscal 2024	Fiscal 2023	Change
\$ 607,473	\$ 10,683	\$ 618,156	\$ 486,623	\$ 131,533	\$1,134,253	\$517,207	\$617,046
4,149,290	-	4,149,290	3,176,976	972,314	-	-	-
900,431	132,069	1,032,500	998,511	33,989	101,649	41,280	60,369
8,042	-	8,042	9,323	(1,281)	138	226	(88)
76,418	92	76,510	54,452	22,058	12,488	1,510	10,978
5,741,654	142,844	5,884,498	4,725,885	1,158,613	1,248,528	560,223	688,305
8,482	-	8,482	11,271	(2,789)	-	-	-
5,750,136	142,844	5,892,980	4,737,156	1,155,824	1,248,528	560,223	688,305
4,824,498	-	4,824,498	3,780,347	1,044,151	470,881	464,828	6,053
358,088	(26,722)	331,366	240,691	90,675	48,601	35,598	13,003
5,182,586	(26,722)	5,155,864	4,021,038	1,134,826	519,482	500,426	19,056
74,266	-	74,266	56,158	18,108	-	-	-
5,256,852	(26,722)	5,230,130	4,077,196	1,152,934	519,482	500,426	19,056
460,896	-	460,896	513,008	(52,112)	-	-	-
390,933	169,566	560,499	558,741	1,758	-	-	-
-	-	-	-	-	1,063,895	360,072	703,823
-	-	-	-	-	(355,809)	(288,924)	(66,885)
(359,737)	-	(359,737)	(412,579)	52,842	20,822	(11,351)	32,173
1,192	-	1,192	790	402	138	-	138
\$ 493,284	\$169,566	\$ 662,850	\$ 659,960	\$ 2,890	\$ 729,046	\$ 59,797	\$669,249

Combined General Reserve and Bond Funds					Combined State and Federal Appropriations Funds		
Fiscal 2024							
Excluding Pool 3	Pool 3	Total	Fiscal 2023	Change	Fiscal 2024	Fiscal 2023	Change
\$ 40,699	\$ 288	\$ 40,987	\$ 37,149	\$ 3,838	\$ 911	\$ 977	\$ (66)
164,797	-	164,797	107,963	56,834	-	-	-
-	-	-	-	-	1,161,417	394,085	767,332
76,976	14	76,990	56,549	20,441	9,276	787	8,489
282,472	302	282,774	201,661	81,113	1,171,604	395,849	775,755
3,816	19	3,835	3,306	529	122	114	8
-	-	-	-	-	455,526	413,608	41,918
79,708	3,779	83,487	65,437	18,050	15,136	7,479	7,657
1,844	10,485	12,329	3,372	8,957	110,416	80,158	30,258
85,368	14,283	99,651	72,115	27,536	581,200	501,359	79,841
197,104	(13,981)	183,123	129,546	53,577	590,404	(105,510)	695,914
27,352	804	28,156	20,270	7,886	58,955	15,566	43,389
-	-	-	-	-	35,204	27,589	7,615
(45,663)	(21)	(45,684)	(149,269)	103,585	(248)	-	(248)
(150,579)	-	(150,579)	(96,539)	(54,040)	(14,793)	(13,259)	(1,534)
(12,126)	-	(12,126)	(3,067)	(9,059)	(273)	(750)	477
(181,016)	783	(180,233)	(228,605)	48,372	78,845	29,146	49,699
16,088	(13,198)	2,890	(99,059)	101,949	669,249	(76,364)	745,613
(15,000)	15,000	-	849	(849)	-	(849)	849
-	-	-	(559)	559	-	-	-
1,088	1,802	2,890	(98,769)	101,659	669,249	(77,213)	746,462
492,196	167,764	659,960	758,729	(98,769)	59,797	137,010	(77,213)
\$ 493,284	\$169,566	\$ 662,850	\$ 659,960	\$ 2,890	\$ 729,046	\$ 59,797	\$669,249

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued – unaudited)

General Reserve and Bond Funds – Statement of Net Position

Financial Highlights

The following financial highlights section refers to the General Reserve and bond funds. The reader is encouraged to review the Fund Financial Statements as well as supplementary information in this 2024 Financial Report.

Investments-including program Mortgage-backed securities (MBS), cash, cash equivalents, investment securities-other, loans receivable, and interest receivable comprise the majority of assets. Deferred pension expense, deferred loss on refunding and deferred loss on interest rate swap agreements comprise the majority of deferred outflows of resources in the General Reserve and bond funds. Capital assets, real estate owned, and other assets continue to be insignificant in relation to the total General Reserve and bond fund assets and deferred outflows of resources.

Program MBS is the single largest category of bond fund assets. Those assets are pledged as security for the payment of certain Agency mortgage revenue bonds held in acquisition accounts pledged to bond holders as security for bonds. This category of investments increased 30.6% to \$4,149.3 million. Single Family mortgage loan production was very strong in fiscal year 2024 driving the increase in MBS.

Mortgage-backed Securities Portfolio Delinquency
Actual Loan Count

	June 30, 2024		June 30, 2023	
Current	33,106	95.2%	29,622	95.5%
60-89 Days	582	1.7%	446	1.4%
90-119 Days	329	0.9%	310	1.0%
120+ Days	752	2.2%	641	2.1%
Total count	<u>34,769</u>		<u>31,019</u>	
Total past due	1,663	4.8%	1,397	4.5%

Similar to the homeownership loan portfolio described below, borrowers with mortgage loans that back the MBS portfolio were able to seek up to 18 months of payment forbearance due to the COVID Pandemic; the MBS payments are guaranteed by GNMA, FNMA or FHLMC and are not delinquent.

Cash and cash equivalents are carefully managed to provide adequate resources for future debt service requirements and other liquidity needs. This category increased 53.4% to \$513.3 million. Cash and Cash equivalents can fluctuate based on the timing of bond sales, the rate of production, debt repayments, purchase of investments and loan transactions.

Investments securities-other consists of MBS that are held by the Agency as investments, MBS held in the warehouse for future bond sales and MBS held for sale in the TBA market as well as other quality investments such as US agency obligations, US treasuries, municipal bonds and government backed investment pools at the trustee, Computershare, and the State Board of Investments (SBI). This category decreased by 31.0% to \$104.9 million.

Loans receivable, net is another large single category of bond fund assets. Loans are limited to housing-related lending for low- and moderate-income individuals and families and multifamily housing developments; including Monthly Payment Second lien (MP 2nds) loans that include down payment and closing cost assistance loans. Loans receivable, net, increased 3.4% to \$1,032.5 million at June 30, 2024, as a result of repayments, prepayments, and loss reserves net of new loan purchases and originations. Amortizing homeownership loans at fixed interest rates, secured by first mortgages, continue to be the dominant loan product offered by Minnesota Housing. The reserve for loan loss for the homeownership loan portfolio increased slightly. The reserve for loan loss for the home improvement loan portfolio grew due to a slight increase in the 120 day past due category. Amortizing multifamily loans at fixed interest rates, secured by first mortgages (referred to as the multifamily portfolio) exhibited little change in delinquency rate and aggregate loan receivable balance. Minnesota Housing's primary loan programs offer fixed interest rate financing and therefore

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued – unaudited)

General Reserve and Bond Funds – Statement of Net Position (continued)

differ from the high-risk characteristics associated with some adjustable payment loan products. During the national emergency concerning the COVID Pandemic, borrowers with mortgage loans that are FHA insured, VA, HUD, or RD, or purchased or securitized by FNMA or FHLMC were able to seek up to 18 months of payment forbearance. The Agency has chosen to grant similar forbearance relief for other single-family homeownership and home improvement loans.

Homeownership Loan Portfolio Delinquency
Actual Loan Count

	June 30, 2024		June 30, 2023	
Current	2,896	95.4%	3,175	95.8%
60-89 Days	52	1.7%	40	1.2%
90-119 Days	19	0.6%	19	0.6%
120+ Days	69	2.3%	79	2.4%
Total Count	<u>3,036</u>		<u>3,313</u>	
Total Past Due	140	4.6%	138	4.2%

Homeownership Loan Portfolio Delinquency (In Forbearance)
Actual Loan Count

	June 30, 2024		June 30, 2023	
Current	0	0.0%	5	27.8%
60-89 Days	0	0.0%	2	11.1%
90-119 Days	0	0.0%	0	0.0%
120+ Days	0	0.0%	11	61.1%
Total Count	<u>0</u>		<u>18</u>	
Total Past Due	0	0.0%	13	72.2%

The 60+ day delinquency rate as of June 30, 2024, for the entire Minnesota Housing homeownership first lien loan portfolio, excluding those loans not customarily included in foreclosure statistics, exceed by approximately one percentage point the delinquency rates of similar loan data available as of June 30, 2024, from the Mortgage Bankers Association of America for loans in Minnesota (as adjusted to reflect the proportions of insurance types in the Agency's loan portfolio).

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued – unaudited)

General Reserve and Bond Funds – Statement of Net Position (continued)

Homeownership (MP 2nd) Loan Portfolio Delinquency
Actual Loan Count

	June 30, 2024		June 30, 2023	
Current	8,842	95.4%	8,106	94.9%
60-89 Days	92	1.0%	94	1.1%
90-119 Days	64	0.7%	41	0.5%
120+ Days	270	2.9%	298	3.5%
Total Count	<u>9,268</u>		<u>8,539</u>	
Total Past Due	426	4.6%	433	5.1%

Homeownership (MP 2nd) Loan Portfolio Delinquency (In Forbearance)
Actual Loan Count

	June 30, 2024		June 30, 2023	
Current	0	0.0%	21	23.3%
60-89 Days	0	0.0%	6	6.7%
90-119 Days	0	0.0%	3	3.3%
120+ Days	0	0.0%	60	66.7%
Total Count	<u>0</u>		<u>90</u>	
Total Past Due	0	0.0%	69	76.7%

The MP 2nd loans were made in conjunction with first lien mortgage loans that were pooled into MBS including, in part, the MBS portfolio the delinquency characteristics of which are described on a preceding page.

Home Improvement Loan Portfolio Delinquency
Actual Loan Count

	June 30, 2024		June 30, 2023	
Current	5,584	97.7%	4,978	98.1%
60-89 Days	20	0.3%	6	0.1%
90-119 Days	7	0.1%	3	0.1%
120+ Days	106	1.9%	90	1.8%
Total Count	<u>5,717</u>		<u>5,077</u>	
Total Past Due	133	2.3%	99	1.9%

Due to the unique program characteristics of the Minnesota home improvement loan portfolio, the Agency has determined that delinquency data from other available sources is not directly comparable. The table above excludes inactive home improvement loans defined as delinquent loans for which the Agency has a valid lien, but active collection efforts have been exhausted.

FHA/VA insurance claims, net consist of non-performing homeownership loans that are FHA insured or VA guaranteed. These loans are reclassified as claims receivable at the time the Agency files a claim. FHA/VA insurance claims was zero at June 30, 2024.

Over 55% of the developments with a first mortgage loans held in Rental Housing receive Section 8 payments under contracts with the U.S. Department of Housing and Urban Development ("HUD"), and 63% of the principal amount of

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued – unaudited)

General Reserve and Bond Funds – Statement of Net Position (continued)

multifamily first mortgage loans receivable held in Residential Housing Finance, are insured by the HUD pursuant to a risk sharing agreement whereby HUD agrees to assume 50% or greater of the loss upon a default of the mortgage loan.

Real estate owned; net consists of properties acquired upon foreclosure of homeownership loans. There was a net decrease in real estate owned of 39.4% to \$0.6 million at June 30, 2024.

While the delinquency rates and foreclosures in the Agency's loan portfolio remained above historical norms during fiscal year 2024, the combined net total of FHA/VA insurance claims and real estate owned remains immaterial compared to total loans receivable at June 30, 2024, being less than 1.0% of total net loans receivable.

Management believes that reserves for loan losses are adequate based on the current assessment of asset quality.

No loans reside in General Reserve.

Interest receivable on loans and investments is a function of the timing of interest payments and the general level of interest rates. Combined loan and investment interest receivable increased 43.8% to \$23.3 million at June 30, 2024.

Bonds payable is the largest single category of liabilities, resulting primarily from debt issued to fund housing-related lending. Bonds payable increased 30.1% to \$4,919.4 million at June 30, 2024, because new bond issuance related to lending activities outpaced scheduled redemptions and early bond redemptions of existing debt.

The companion category of interest payable increased 78.9% to \$74.3 million at June 30, 2024, largely due to an increase in the amount of outstanding debt and higher market interest rates.

While there is no debt issued in General Reserve, there is a significant liability for funds held for others. These funds are routinely collected and held in escrow on behalf of multifamily borrowers pursuant to loan documents and are used for future periodic payments of real property taxes, casualty insurance premiums, and certain capital expenditures. Funds held for others in General Reserve, Pool 2 and HOMESSM increased 5.8% in fiscal year 2024 to \$78.7 million at June 30, 2024.

On the Statement of Net Position there are three accounts that report the overall pension and other post-employment benefits (OPEB) picture. As of June 30, 2024, the Net Pension Liability and OPEB decreased to \$9.0 million, the Deferred Pension Expense decreased 22.0% to \$8.4 million, and the Deferred Pension Credit increased 42.9% to \$6.6 million. This increase was due to Minnesota State Retirement System (MSRS) making changes to the assumptions that were used for the plans actuarial reports. GASB 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, prescribes how these accounts are recorded and how income and expense are recognized. GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, prescribes that OPEB are now included in these numbers. The net result of the pension entries is an overall decrease of \$4.5 million to the net position.

Accounts payable and other liabilities decreased 23.8% to \$74.6 million at June 30, 2024.

Interfund payable/receivable exists primarily as a result of interfund borrowing and pending administrative and program reimbursements between funds. Most administrative expenses are paid from General Reserve, with the bond funds and appropriated funds owing an administrative reimbursement to General Reserve for the respective fund's contribution to those administrative expenses.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued – unaudited)

General Reserve and Bond Funds Revenues over Expenses

Operating revenues over expenses of General Reserve and bond funds increased 41.4% to \$183.1 million.

Total operating revenues increased 40.2% to \$282.8 million. The largest impact on revenue is the result of increased interest rates on investments-program mortgage-back securities.

Total operating expenses increased 38.2% to \$99.7 million. The majority of the increase is the result of increased staffing levels needed to manage new programs.

The largest revenue component, interest earned on MBS and investments increased 50.5% to \$193.0 million. This is primarily due to higher market interest rates in fiscal year 2024. Loan interest revenue increased 10.3% to \$41.0 million as repayments and prepayments decreased the size of the homeownership loan portfolio, interest rates increased in the overall portfolio. Administrative reimbursements to General Reserve from bond funds were \$53.3 million in fiscal year 2024 compared to \$34.9 million during the prior fiscal year. General Reserve also incurs overhead expenses to administer state and federal appropriated housing programs. General Reserve received overhead reimbursements of \$20.1 million from the State and Federal Appropriated funds to recover certain overhead expenses incurred during fiscal year 2024 compared to \$7.3 million during the prior fiscal year.

Other fee income to General Reserve and bond funds increased 9.5% to \$23.6 million compared to the prior fiscal year. The primary components are service acquisition fees earned from the sale of mortgage servicing rights, fees earned from the federal low-income housing tax credit program, Section 8 contract administration, federal Housing Assistance Payments (HAP) administration, and various loan programs.

The net loss on the sale of mortgage-backed securities held for sale was \$0.8 million a slight decrease over prior fiscal year. Components of the net gain, in addition to the gain or loss on the security itself, include the cost of hedging activities that seek to minimize interest rate risk through forward sale contracts, certain trustee fees, and service release premiums.

Net appreciation/depreciation in fair value on investment securities for fiscal year 2024 are \$45.7 million compared to \$149.3 million of losses for fiscal year 2023. The net appreciation/depreciation in fair value on investments arise due to the changes in fair value and mark-to-market in accordance with GASB Statement 31. The fair value adjustments are booked quarterly and fluctuate based on market conditions. Of these net appreciation/depreciation in fair value on investments, a majority of the unrealized losses are related to the program MBS portfolio pledged to bond holders for payments of debt service and \$1.1 million of unrealized gains are related to the investment securities portfolio. The Agency will hold these MBS until all requirements of the Residential Housing Finance and Homeownership Finance Bond resolution are satisfied. The Agency is not permitted by the bond resolution to sell the program MBS at this time. This value fluctuation is booked as required by GASB; however, analysis performed on income normally excludes the net appreciation/depreciation in fair value on investment securities as the Agency does not plan to sell investments prior to maturity and realize gains or losses.

Interest expense increased 56.0% to \$150.6 million compared to the prior fiscal year as a result of higher interest rates impacting new bond issues.

Financing costs increased 295.4% to \$12.1 million; this is primarily related to hedge gains in prior year.

Expenses for loan administration and trustee fees in the bond funds increased 16.0% to \$3.8 million for current fiscal year. Of the total administrative reimbursement revenue in General Reserve of \$53.3 million, the interfund charge to the bond funds and State Appropriated fund of \$47.8 million was eliminated for purposes of financial reporting in the Agency-wide financial statements.

Salaries and benefits in General Reserve of \$40.7 million increased 39.3% from the prior year.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued – unaudited)

General Reserve and Bond Funds Revenues over Expenses (continued)

Other general operating expense in General Reserve and bond funds was \$9.6 million, an increase of 11.9% over prior year.

Reductions in carrying value of certain low interest rate deferred loans in the bond funds increased from \$0.1 million to \$9.8 million in current fiscal year.

The provision for loan loss expense in the bond funds decreased from \$3.2 million to \$2.6 million.

The provision for loan loss expense for the homeownership loan portfolio for current fiscal year is (\$0.1) million and prior fiscal year was \$0.1 million.

The provision for loan loss expense for the home improvement loan portfolio and MP 2nds was at \$0.87 million compared to prior year of \$0.34 million.

The provision for loan loss expense for the multifamily loan portfolio was \$0.8 million.

Non-operating transfers occur as a result of bond sale contributions related to new debt issues, the periodic transfer of assets to maintain the Pool 1 requirement, periodic fiscal year end transfers to the Pool 3, if any, and periodic transfers from the bond funds of amounts in excess of bond resolution requirements. During fiscal year 2024, \$23.3 million of Pool 1 funds in excess of requirements were transferred to Pool 2. Revenues over expenses in General Reserve that are in excess of the Pool 1 requirement are transferred periodically to Pool 2 for use in housing programs. Pool 2 also recorded a \$15.0 million transfer to Pool 3 to be used for highly subsidized housing programs. Per the Rental Housing Bond Resolution requirement, funds must be transferred to General Reserve when they are removed from the Rental Housing Bond Resolution. Revenues over expenses plus non-operating transfers in Pool 2 may be transferred periodically, with approval of the Board, to Pool 3 for use in more highly subsidized housing programs. Board investment guidelines establish required balances for Pool 1 and Pool 2. In addition, Pool 2 made \$0.18 million in bond sale transfers to the Homeownership Finance and Rental Housing Funds.

Total combined net position of General Reserve and bond funds decreased 0.4% to \$662.9 million as of June 30, 2024. The net position of General Reserve and bond funds is divided into two primary categories. Restricted by Bond Resolution is pledged to the payment of bonds, subject to bond resolution provisions that authorize Minnesota Housing to withdraw funds in excess of the amounts required to be maintained under the bond resolutions. Restricted by Covenant is subject to a covenant with bondholders that the Agency will use the money in General Reserve, and money that would otherwise have been released to General Reserve, only for the administration and financing of programs in accordance with the policy and purpose of Minnesota Housing's enabling legislation, including the creation of reserves for the payment of bonds 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 the purpose. The Board of the Agency has established investment guidelines for these funds to implement this covenant.

State and Federal Appropriated Funds – Statement of Net Position

Assets of the appropriated funds are derived from the appropriation of funds by the State of Minnesota and funds made available to Minnesota Housing by the federal government for housing purposes. Housing preservation and development typically requires appropriations received in the current period to be expended over several future years of planned development. This timing difference is the primary reason for the presence of investments, cash, and cash equivalent assets in the appropriated funds and for the balance of net position restricted by law. In fiscal year 2018, the Agency added a new line called Unrestricted - State Appropriation-backed Bonds. This line shows the amount of outstanding Appropriation-backed Bonds issued by the Agency.

Investments, cash, and cash equivalents combined are the largest category of assets in the appropriated funds. The June 30, 2024, combined balance increased 119.3% to \$1,134.3 million as a result of the combined appropriations

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued – unaudited)

State and Federal Appropriated Funds – Statement of Net Position (continued)

received and other revenues being more than the combined disbursements for programs, loans, and expenses during the fiscal year.

Certain state appropriations are expended as housing loans which are in a first lien position and with near- or below-market interest rates, resulting in net loans receivable. At June 30, 2024, State Appropriated fund net loans receivable increased 138.6% to \$98.5 million.

Interest receivable in appropriated funds is a function of the timing of interest payments and the general level of interest rates on investments. Interest receivable on appropriated funds increased from \$1.3 million at June 30, 2023, to \$4.4 million on June 30, 2024. Accounts payable and other liabilities represent amounts payable to program participants as of year-end. The balance of payables at June 30, 2024, was \$10.9 million compared to \$9.2 million at June 30, 2023. Interfund payable occurs in the Federal Appropriated fund as a result of overhead expense and indirect cost recoveries owed to General Reserve. Interfund payable occurs in the State Appropriated fund because of accrued overhead expense payable to General Reserve. At June 30, 2024, the combined net interfund receivable was a \$7.0 million.

At June 30, 2024, and June 30, 2023, the balance of funds held for others was \$0.1 million.

The appropriated net position is broken into two categories. Restricted by law is for use with housing programs only and is not pledged or available to secure bonds issued under any of the Agency's bond funds or other obligations of the Agency or its general obligation pledge in respect thereof. Unrestricted - State Appropriation-backed shows the amount of state appropriation-backed bonds outstanding. These bonds are backed solely by the standing appropriation by the State of Minnesota and the Agency's resources are not pledged or available to secure the bondholders. Per GASB, as the issuer, the Agency is required to show these bonds as bonds payable. The combined net position of the appropriated funds increased from \$59.8 million as June 30, 2023, to \$729.0 million as of June 30, 2024. This increase is predominately due to state appropriated legislative awarded funds of \$832.1 million. The balance in restricted by law at June 30, 2024, was \$1063.9 million. There was an increase in restricted by law net position of 195.5% for fiscal year 2024. The principal amount outstanding of the state appropriation-backed bonds payable was \$438.8 million as of June 30, 2023, and \$448.8 million as of June 30, 2024. Refer to Note 10. State and federal appropriated funds are recorded as revenue in the period in which such appropriations are earned. Funds are spent for eligible program activities as defined by Minnesota Housing, the State of Minnesota, or agencies of the federal government. Unexpended appropriations are invested and the interest income on the investments is recorded as it is earned, except for interest earned on certain unexpended federal appropriations, which is recorded as funds held for others. Similarly, interest income on certain State Appropriated fund loan receivables is recorded as it is earned.

State and Federal Appropriated Funds – Revenues over Expenses

Historically, the largest revenue category is appropriations received, and is a function of the fiscal, legislative, and political environment of the State of Minnesota and the federal government. The combined appropriations received increased from \$421.7 million in fiscal year 2023 to \$1,196.6 million in fiscal year 2024. In fiscal year 2024 the disbursement of COVID emergency assistance funds received in prior fiscal years had a major impact on our ending balance. Federal appropriations received decreased by \$18.2 million. State appropriations received increased by \$793.1 million.

The combined interest income from investments increased 278.7% to \$59.0 million for fiscal year 2024 due to higher market interest rates.

Loan interest income from state appropriations loan assets continues to be minimal at \$0.9 million as relatively few loans bear interest.

Fees earned and other income, in the amount of \$9.3 million were recorded in the State Appropriated Fund during fiscal year 2024.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued – unaudited)

State and Federal Appropriated Funds – Revenues over Expenses (continued)

Combined unrealized losses was a loss of \$0.2 million for fiscal year 2024 compared to zero for fiscal year 2023. The unrealized gains and losses arise due to the changes in fair value and mark-to-market in accordance with GASB. The fair value adjustments are booked quarterly and fluctuate based on market conditions.

Administrative reimbursements to General Reserve of overhead expenses to administer State Appropriated Fund programs increased 155.6% to \$14.6 million compared to the prior fiscal year. The Agency incurs the overhead expense in General Reserve. General Reserve is reimbursed for these overhead expenses by the state appropriated funds to the extent of investment earnings on unexpended state appropriations.

Combined appropriations disbursed increased 10.1% to \$455.5 million compared to the prior fiscal year, reflecting state appropriations disbursed of \$129.9 million and federal appropriations disbursed of \$325.6 million.

Increased expenditures of state appropriated funds for fully reserved below-market and zero-percent interest rate loans impacted expense from reductions in carrying value of certain loans. Net reductions of carrying value increased 39.8% to \$111.5 million compared to the prior fiscal year.

Other general operating expenses in the State Appropriation Fund represent fees for professional and technical support to implement and administer certain housing programs and disbursements of funds. Other general operating expenses in the State Appropriation Fund decreased 68.8% to \$0.5 million at June 30, 2024.

Combined operating expenses were less than combined operating revenue of the appropriated funds by \$590.4 million at June 30, 2024. Historically, the entire existing state restricted by law and federal appropriated funds' net position is likely to be expended for housing programs. In fiscal year 2024 the legislature appropriated \$832.0 million for new programs for the Agency. The majority of the programs were being developed in FY24 therefore a large portion of the appropriation has not been spent.

Capital Assets and Significant Long Term Debt Activities

The Agency's net capital assets balance at June 30, 2024, was \$8.2 million, as compared to \$9.5 million on June 30, 2023. Included in this amount were \$25.1 million of depreciable assets and \$16.9 million of accumulated depreciation. The Agency had capital asset additions of \$1.8 million and \$2.3 million in fiscal year 2024 and 2023, respectively. Refer to note 5 for table.

The principal amount of general obligation bonds and notes of the Agency that are outstanding at any time (excluding the principal amount of any refunded bonds and notes) is limited to \$9.0 billion by State statute.

Minnesota Housing issues a significant amount of bonds, having outstanding at June 30, 2024, not including state appropriation-backed bonds, long-term bonds totaling \$4,919.4 million. Bond proceeds and related revenues are held by a trustee, who is responsible for administration of bond resolution requirements including payment of debt service. The bond resolutions may require funding debt service reserve accounts and insurance reserve accounts. At June 30, 2024, amounts held by the trustee in principal, interest, redemption, and reserve accounts represented full funding of those requirements as of that date. In addition, at year-end the Agency had \$493.3 million in state appropriation-backed bonds outstanding.

Minnesota Housing continually investigates and utilizes financing and debt management techniques designed to achieve its goals of reducing interest expense and efficiently utilizing bonding authority while managing risk and responding to changing capital markets. During 2024 fiscal year, Minnesota Housing issued thirty-three series of bonds aggregating \$1,388.3 million (excluding state appropriation-backed housing bonds, limited obligation drawdown index bank note, and short-term borrowing against a line of credit), compared to the issuance of nineteen series totaling \$713.1 million the previous fiscal year. Long-term bonds are issued as capital is needed for program purposes and as opportunities arise to economically refund outstanding bonds. Short-term bonds and notes and other indebtedness may be issued to preserve

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued – unaudited)

Capital Assets and Significant Long Term Debt Activities (continued)

tax-exempt bonding authority for future program use and to warehouse purchases of mortgage-backed securities in advance of permanent financing. A total of \$26.6 million in state appropriation-backed bonds were issued in fiscal year 2024.

A total of \$293.5 million in bond principal repayments and \$138.7 million of bond-related interest expense occurred during fiscal year 2024 not including state appropriation-backed bonds. Of the total bond principal repayments, \$152.6 million were repayments made on bonds prior to the scheduled maturity date using a combination of optional and special redemption provisions. A total of \$16.7 million in bond principal repayments for state appropriation-backed bonds were made in fiscal year 2024.

Most of the bonds issued by Minnesota Housing bear interest that is not includable in gross income for federal and State of Minnesota income taxation, in accordance with requirements of the federal Internal Revenue Code (IRC) and Treasury regulations governing either qualified mortgage bonds, bonds issued to provide qualified residential rental projects or bonds issued to finance certain types of loans to nonprofit entities for single family and multifamily housing. Minnesota Housing's ability to issue certain types of tax-exempt debt is limited by its share of the state's allocation of private activity bond volume cap, which is established by Minnesota statutes. Minnesota Housing's ability to issue tax-exempt debt is also limited by a provision in the IRC (commonly known as the 10 year rule) that requires single family mortgage loan repayments and prepayments received more than ten years after the date of issuance of the bonds that financed those mortgage loans to be used to redeem bonds.

While most of the Agency's bonds are tax-exempt, taxable bonds have been issued to supplement limited tax-exempt private activity bond volume cap in order to meet demand for financing single family mortgage loans. Taxable bonds may also be issued to refund existing debt or to finance lending programs where federal tax-exempt bond restrictions are inconsistent with program goals. Variable-rate demand bonds and interest-rate swaps were incorporated into Minnesota Housing's financings from fiscal year 2003 through fiscal year 2010, and again in fiscal years 2016 through fiscal year 2020 and in fiscal years 2022 and 2024, and two financings originally issued in fiscal years 2018 and 2019 as interest-rate swaps were converted from floating rate term bonds to variable rate demand bonds in fiscal year 2024. Interest-rate swaps help to hedge the mismatch between fixed-rate loans and variable-rate bonds.

State Legislative Actions that May Impact Financial Conditions and/or Operations

At the State Capitol, the second year of the biennium typically focuses on policy initiatives, a capital investment bill and supplemental budget initiatives after enacting a two-year budget the previous year which included \$1.3 billion in housing resources. The session landscape in 2024 included a \$3.7 billion budget surplus for the FY 2024-25 budget, with the DFL in the majority in both the House and Senate. Both bodies had finance committees exclusively focused on housing finance, policy and homelessness prevention issues and the legislative session started on February 12.

Governor Walz and Lt. Gov. Flanagan released their 2024 Capital Investment proposal in January that included \$50 million in new Housing Infrastructure Bonds and \$7.5 million in state General Obligation bonds to support the rehabilitation of public housing. The Governor did not have supplemental budget recommendations for the agency. In March, the Legislature agreed to joint budget targets for housing that included a \$10 million one-time increase in FY 2024-25 and \$1 million in FY 2026-27 to support state debt service appropriations on a \$50 million new authorization for Housing Infrastructure Bonds.

On May 19, the Legislature passed the housing bill as part of a larger tax bill. For housing, the bill included new one-time spending of \$10 million and \$50 million in additional Housing Infrastructure Bond authority. The Legislature was unable to pass a capital investment bill (which requires a supermajority vote), so there were no new resources for public housing rehabilitation. Of the \$10 million in new spending, just over \$8 million was appropriated to the Family Homeless Prevention and Assistance Program. The remaining \$2 million was directed to implementing recommendations from the Workgroup on Expediting Rental Assistance, legislatively directed grants and initiatives at other state agencies.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Management's Discussion and Analysis of Financial Condition
and Results of Operations (continued – unaudited)

State Legislative Actions that May Impact Financial Conditions and/or Operations (continued)

In addition to the \$10 million in one-time spending, the Legislature reallocated \$25 million from three programs to increase the total available in the Community Stabilization program from \$90 million to \$115 million for FY 2024-25. The Community Stabilization program was a new program created in 2023. The reallocations came from the Strengthening Supportive Housing program (\$15 million), Challenge Program (\$7 million) and Workforce Homeownership Program (\$3 million).

The bill also included numerous policy changes to the agency's statutes and programs to help the agency continue to respond to the ongoing needs and challenges faced by people, housing organizations and property owners across the state. Notably the bill increased the agency's outstanding debt limit from \$5 billion to \$9 billion for allow the agency to continue to finance rental and homeownership opportunities.

Additional Information

Questions and inquiries may be directed to Ms. Debbi Larson at Minnesota Housing Finance Agency, 400 Wabasha Street North, Suite 400, St. Paul, MN 55102 (651-296-8183 or 800-657-3769 or if T.T.Y. 651-297-2361)

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Agency-wide Financial Statements
Statement of Net Position (in thousands)
As of June 30, 2024 (with summarized comparative totals as of June 30, 2023)

	Agency wide Total as of June 30, 2024	Agency wide Total as of June 30, 2023
Current Assets		
Cash and cash equivalents	\$ 748,080	\$ 802,691
Investments-program mortgage-backed securities	86,506	66,698
Investment securities-other	674,089	79,286
Loans receivable, net	95,765	64,410
Interest receivable on loans and program mortgage-backed securities	20,705	14,326
Interest receivable on investments	7,207	3,329
Federal Housing Administration/Veterans Affairs insurance claims, net	(2)	108
Real estate owned, net	591	972
Other assets	11,350	4,369
Total current assets	1,644,291	1,036,189
Noncurrent Assets		
Investments-program mortgage-backed securities	4,062,784	3,110,278
Investment securities-other	330,240	121,853
Loans receivable, net	1,038,384	975,381
Interest rate swap agreements	48,457	32,228
Capital assets, net	8,180	9,549
Other assets	690	630
Total noncurrent assets	5,488,735	4,249,919
Deferred loss on interest rate swap agreements	61	479
Deferred pension and other post-employment benefits (OPEB) expense	8,421	10,792
Total deferred outflows of resources	8,482	11,271
Total assets and deferred outflows of resources	\$7,141,508	\$5,297,379
Current Liabilities		
Bonds payable, net, current	\$ 258,278	\$ 176,992
Interest payable	82,476	49,412
Net pension liability and OPEB	140	-
Accounts payable and other liabilities	20,286	33,993
Interfund payable (receivable)	-	-
Funds held for others	16,926	13,780
Lease Liability, net	1,437	1,334
Subscription Liability, net	424	778
Total current liabilities	379,967	276,289
Noncurrent Liabilities		
Bonds payable, net, noncurrent	5,154,410	4,090,786
Interest rate swap agreements	61	479
Net pension liability and OPEB	8,823	13,428
Accounts payable and other liabilities	65,189	73,052
Funds held for others	61,907	60,614
Lease liability, net	3,490	4,926
Subscription liability, net	1,499	1,890
Total noncurrent liabilities	5,295,379	4,245,175
Deferred gain on interest rate swap agreements	48,457	32,228
Deferred service release fee	19,186	19,296
Deferred pension and OPEB credit	6,623	4,634
Total deferred inflows of resources	74,266	56,158
Total liabilities and deferred inflows of resources	\$5,749,612	\$4,577,622
Restricted by bond resolution	460,896	513,008
Restricted by covenant	560,499	558,741
Restricted by law	1,063,895	360,072
Unrestricted - State Appropriation-backed Debt	(355,809)	(288,924)
Unrestricted	(338,915)	(423,930)
Net Investment in capital assets	1,330	790
Total net position	\$1,391,896	\$ 719,757

See accompanying notes to financial statements

MINNESOTA HOUSING FINANCE AGENCY**A Component Unit of the State of Minnesota****Agency-wide Financial Statements****Statement of Activities (in thousands)****Year ended June 30, 2024 (with summarized comparative totals for year ended June 30, 2023)**

	Agency-wide Total for Year Ended June 30, 2024	Agency-wide Total for Year Ended June 30, 2023
Operating Revenues		
Interest earned on loans	\$ 41,898	\$ 38,126
Interest earned on investments-program mortgage-backed securities	164,797	107,963
Appropriations received and appropriations recoveries	1,161,417	394,085
Administrative reimbursement	5,549	1,583
Fees earned and other income	32,925	22,387
Total operating revenues	1,406,586	564,144
Operating Expenses		
Loan administration and trustee fees	3,957	3,420
Salaries and benefits	40,708	29,219
Other general operating	10,123	10,331
Appropriations disbursed/grants and program expense	455,526	413,608
Reduction in carrying value of certain low interest rate deferred loans	121,317	79,928
Provision for loan losses	1,428	3,602
Total operating expenses	633,059	540,108
Operating Income (loss)	773,527	24,036
Nonoperating Revenue (Expenses)		
Interest earned on investments-other	87,111	35,836
Appropriations received	35,204	27,589
Net appreciation/depreciation in fair value on investments	(45,932)	(149,269)
Interest	(165,372)	(109,798)
Financing, net	(12,399)	(3,817)
Total nonoperating expenses	(101,388)	(199,459)
Income (loss) before transfers and contributions	672,139	(175,423)
Non-operating expenses	-	(559)
Change in net position	672,139	(175,982)
Total net position, beginning of period	719,757	895,739
Total net position, end of year	\$1,391,896	\$719,757

See accompanying notes to financial statements

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Fund Financial Statements
Statement of Net Position (in thousands)
Proprietary Funds

As of June 30, 2024 (with summarized comparative totals for year ended June 30, 2023)

	Bond Funds		
	General Reserve	Rental Housing	Residential Housing Finance
Current assets			
Cash and cash equivalents	\$ 84,132	\$ 43,184	\$ 344,896
Investments-program mortgage-backed securities	-	-	61,581
Investment securities-other	13,150	4,673	667
Loans receivable, net	-	50,306	43,226
Interest receivable on loans and program mortgage-backed securities	-	708	17,018
Interest receivable on investments	366	202	2,011
Interfund receivable	1,729	17,301	-
Federal Housing Administration/Veterans Affairs insurance claims, net	-	-	(2)
Real estate owned, net	-	-	589
Other assets	2,741	60	532
Total current assets	102,118	116,434	470,518
Noncurrent assets			
Investments-program mortgage-backed securities	-	-	3,233,844
Investment securities-other	-	13,270	65,784
Loans receivable, net	-	121,292	805,022
Interest rate swap agreements	-	-	48,457
Capital assets, net	6,178	-	1,864
Other assets	-	-	690
Total noncurrent assets	6,178	134,562	4,155,661
Total assets	108,296	250,996	4,626,179
Deferred loss on interest rate swap agreements	-	-	61
Deferred pension and OPEB expense	8,421	-	-
Total deferred outflows of resources	8,421	-	61
Total assets and deferred outflows of resources	116,717	250,996	4,626,240
Current liabilities			
Bonds payable, net	-	59,390	169,895
Interest payable	-	1,067	71,068
Net pension liability and OPEB	140	-	-
Accounts payable and other liabilities	5,322	973	3,035
Interfund payable	-	-	17,081
Funds held for others	16,790	-	-
Lease liability, net	1,437	-	-
Subscription liability, net	23	-	401
Total current liabilities	23,712	61,430	261,480
Noncurrent liabilities			
Bonds payable, net	-	20,155	3,705,645
Interest rate swap agreements	-	-	61
Net pension and OPEB liability	8,823	-	-
Accounts payable and other liabilities	1,313	766	63,110
Funds held for others	62,412	-	-
Lease liability, net	3,490	-	-
Subscription liability, net	12	-	1,487
Total noncurrent liabilities	76,050	20,921	3,770,303
Total liabilities	99,762	82,351	4,031,783
Deferred gain on interest rate swap agreements	-	-	48,457
Deferred service release fee	-	-	15,026
Deferred pension and OPEB credit	6,623	-	-
Total deferred inflows of resources	6,623	-	63,483
Total liabilities and deferred inflows of resources	106,385	82,351	4,095,266
Restricted by bond resolution	-	168,948	275,394
Restricted by covenant	9,116	-	551,383
Restricted by law	-	-	-
Unrestricted - State Appropriation-backed Debt	-	-	-
Unrestricted	-	(303)	(295,779)
Net Investment in capital assets	1,216	-	(24)
Total net position (deficit)	\$ 10,332	\$168,645	\$ 530,974

See accompanying notes to financial statements

Bond Funds			Appropriated Funds		Total as of June 30, 2024	Total as of June 30, 2023
Homeownership Finance	Multifamily Housing	HOMES SM	State Appropriated	Federal Appropriated		
\$ 38,931	\$ 2,134	\$ -	\$ 156,199	\$ 78,604	\$ 748,080	\$ 802,691
24,925	-	-	-	-	86,506	66,698
43	-	144	655,412	-	674,089	79,286
-	250	-	1,863	120	95,765	64,410
2,891	46	-	38	4	20,705	14,326
162	9	11	4,427	19	7,207	3,329
5,044	-	-	-	-	24,074	20,507
-	-	-	-	-	(2)	108
-	-	-	2	-	591	972
19	-	-	7,132	866	11,350	4,369
72,015	2,439	155	825,073	79,613	1,668,365	1,056,696
828,940	-	-	-	-	4,062,784	3,110,278
3,552	-	3,596	244,038	-	330,240	121,853
-	12,404	-	96,624	3,042	1,038,384	975,381
-	-	-	-	-	48,457	32,228
-	-	-	-	138	8,180	9,549
-	-	-	-	-	690	630
832,492	12,404	3,596	340,662	3,180	5,488,735	4,249,919
904,507	14,843	3,751	1,165,735	82,793	7,157,100	5,306,615
-	-	-	-	-	61	479
-	-	-	-	-	8,421	10,792
-	-	-	-	-	8,482	11,271
904,507	14,843	3,751	1,165,735	82,793	7,165,582	5,317,886
6,357	240	-	22,396	-	258,278	176,992
2,128	31	11	8,171	-	82,476	49,412
-	-	-	-	-	140	-
51	-	-	6,743	4,162	20,286	33,993
-	-	-	5,216	1,777	24,074	20,507
-	-	-	-	136	16,926	13,780
-	-	-	-	-	1,437	1,334
-	-	-	-	-	424	778
8,536	271	11	42,526	6,075	404,041	296,796
941,444	12,040	4,245	470,881	-	5,154,410	4,090,786
-	-	-	-	-	61	479
-	-	-	-	-	8,823	13,428
-	-	-	-	-	65,189	73,052
-	-	(505)	-	-	61,907	60,614
-	-	-	-	-	3,490	4,926
-	-	-	-	-	1,499	1,890
941,444	12,040	3,740	470,881	-	5,295,379	4,245,175
949,980	12,311	3,751	513,407	6,075	5,699,420	4,541,971
-	-	-	-	-	48,457	32,228
4,160	-	-	-	-	19,186	19,296
-	-	-	-	-	6,623	4,634
4,160	-	-	-	-	74,266	56,158
954,140	12,311	3,751	513,407	6,075	5,773,686	4,598,129
14,022	2,532	-	-	-	460,896	513,008
-	-	-	-	-	560,499	558,741
-	-	-	987,315	76,580	1,063,895	360,072
-	-	-	(355,809)	-	(355,809)	(288,924)
(63,655)	-	-	20,822	-	(338,915)	(423,930)
-	-	-	-	138	1,330	790
\$ (49,633)	\$ 2,532	\$ -	\$ 652,328	\$ 76,718	\$ 1,391,896	\$ 719,757

MINNESOTA HOUSING FINANCE AGENCY

A Component Unit of the State of Minnesota

Fund Financial Statements

Statement of Revenues, Expenses and Changes in Net Position (in thousands)

Proprietary Funds

Year ended June 30, 2024 (with summarized comparative totals for year ended June 30, 2023)

		Bond Funds	
	General Reserve	Rental Housing	Residential Housing Finance
Operating Revenues			
Interest earned on loans	\$ -	\$ 9,170	\$ 31,256
Interest earned on investments-program mortgage-backed securities	-	-	130,503
Appropriations received and appropriation recoveries	-	-	-
Administrative reimbursement	53,341	-	-
Fees earned and other income	16,673	84	5,526
Total operating revenues	70,014	9,254	167,285
Operating Expenses			
Loan administration and trustee fees	-	89	3,360
Administrative reimbursement	-	1,475	25,238
Salaries and benefits	40,708	-	-
Other general operating	6,058	10	3,467
Appropriations disbursed	-	-	-
Reduction in carrying value of certain low interest rate deferred loans	-	(203)	9,973
Provision for loan losses	-	(92)	2,652
Total operating expenses	46,766	1,279	44,690
Operating income (loss)	23,248	7,975	122,595
Nonoperating Revenue (Expenses)			
Interest earned on investments-other	1,219	2,225	22,427
Appropriations received	-	-	-
Net appreciation/depreciation in fair value on investments	-	152	(32,148)
Interest	(297)	(2,442)	(120,885)
Financing, net	-	(1)	(12,125)
Total nonoperating expenses	922	(66)	(142,731)
Income (loss) before transfers and contributions	24,170	7,909	(20,136)
Non-operating revenue transfer of assets between funds	-	175	23,153
Non-operating expense transfer of assets between funds	(23,328)	-	-
Non-operating expenses	-	-	-
Change in net position	842	8,084	3,017
Total net position (deficit), beginning of year	9,490	160,561	527,957
Total net position (deficit), end of year	\$10,332	\$168,645	\$530,974

See accompanying notes to financial statements

Bond Funds			Appropriated Funds		Total for the Year Ended June 30, 2024	Total for the Year Ended June 30, 2023
Homeownership Finance	Multifamily Housing	HOMES SM	State Appropriated	Federal Appropriated		
\$ -	\$ 561	\$ -	\$ 907	\$ 4	\$ 41,898	\$ 38,126
34,294	-	-	-	-	164,797	107,963
-	-	-	894,327	267,090	1,161,417	394,085
-	-	-	-	-	53,341	34,949
1,366	-	-	9,276	-	32,925	22,387
35,660	561	-	904,510	267,094	1,454,378	597,510
382	4	-	122	-	3,957	3,420
6,401	90	-	14,588	-	47,792	33,366
-	-	-	-	-	40,708	29,219
40	-	-	460	88	10,123	10,331
-	-	-	129,906	325,620	455,526	413,608
-	-	-	111,547	-	121,317	79,928
-	(1)	-	2,031	(3,162)	1,428	3,602
6,823	93	-	258,654	322,546	680,851	573,474
28,837	468	-	645,856	(55,452)	773,527	24,036
2,040	104	141	54,246	4,709	87,111	35,836
-	-	-	35,204	-	35,204	27,589
(13,688)	-	-	(248)	-	(45,932)	(149,269)
(26,441)	(373)	(141)	(14,792)	(1)	(165,372)	(109,798)
-	-	-	(273)	-	(12,399)	(3,817)
(38,089)	(269)	-	74,137	4,708	(101,388)	(199,459)
(9,252)	199	-	719,993	(50,744)	672,139	(175,423)
-	-	-	-	-	23,328	-
-	-	-	-	-	(23,328)	-
-	-	-	-	-	-	(559)
(9,252)	199	-	719,993	(50,744)	672,139	(175,982)
(40,381)	2,333	-	(67,665)	127,462	719,757	895,739
<u><u>\$ (49,633)</u></u>	<u><u>\$ 2,532</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 652,328</u></u>	<u><u>\$ 76,718</u></u>	<u><u>\$ 1,391,896</u></u>	<u><u>\$ 719,757</u></u>

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Fund Financial Statements
Statement of Cash Flows (in thousands)
Proprietary Funds

Year ended June 30, 2024 (with summarized comparative totals for year ended June 30, 2023)

	Bond Funds		
	General Reserve	Rental Housing	Residential Housing Finance
Cash flows from operating activities:			
Principal repayments on loans and program mortgage-backed securities	\$ -	\$ 34,221	\$ 210,918
Investment in loans/loan modifications and program mortgage-backed securities	-	(51,911)	(1,381,969)
Interest received on loans and program mortgage-backed securities	-	8,989	160,119
Fees and other income received	17,840	62	8,168
Salaries, benefits and other operating	(43,764)	(139)	(7,518)
Appropriations received and appropriation recoveries	-	-	-
Appropriations disbursed	-	-	-
Administrative reimbursement from funds	48,693	(1,475)	(25,238)
Deposits into funds held for others	38,881	-	-
Disbursements made from funds held for others	(38,443)	-	-
Interfund transfers and other assets	(5,522)	(55)	4,901
Net cash provided (used) by operating activities	17,685	(10,308)	(1,030,619)
Cash flows from noncapital financing activities:			
Proceeds from sale of bonds and notes	-	23,250	3,088,312
Principal repayment on bonds and notes	-	(13,430)	(1,866,507)
Interest paid on bonds and notes	-	(2,030)	(96,687)
Financing costs paid related to bonds issued	-	(1)	(12,842)
Appropriations received and appropriation recoveries	-	-	-
Interest paid/received between funds	5	828	(931)
Agency contribution to program funds	-	175	(175)
Transfer of cash between funds	(23,889)	-	23,889
Net cash provided (used) by noncapital financing activities	(23,884)	8,792	1,135,059
Cash flows from capital financing activities:			
Interest expense on leases and subscriptions	(297)	-	(9)
Principal payments on leases and subscriptions	(1,475)	-	(399)
Purchases of capital assets	(2,101)	-	(6)
Net cash provided (used) by capital financing activities	(3,873)	-	(414)
Cash flows from investing activities:			
Investment in real estate owned	-	-	(699)
Interest received on investments	4,231	1,417	19,204
Net gain on Sale of MBS	-	-	(22)
Proceeds from sale of mortgage insurance claims/real estate owned	-	-	2,639
Proceeds from maturity, sale or transfer of investment securities	25,000	452	926,906
Purchase of investment securities	(12,490)	-	(892,196)
Purchase of loans between funds	-	-	13,000
Net cash provided (used) by investing activities	16,741	1,869	68,832
Net increase (decrease) in cash and cash equivalents	6,669	353	172,858
Cash and cash equivalents:			
Beginning of period	77,463	42,831	172,038
End of period	\$ 84,132	\$ 43,184	\$ 344,896

See accompanying notes to financial statements

Bond Funds			Appropriated Funds		Total for the Year Ended June 30, 2024	Total for the Year Ended June 30, 2023
Homeownership Finance	Multifamily Housing	HOMES SM	State Appropriated	Federal Appropriated		
\$ 79,644	\$ 240	\$ -	\$ 15,153	\$ -	\$ 340,176	\$ 360,053
-	-	-	(175,262)	-	(1,609,142)	(1,023,294)
36,234	562	-	889	-	206,793	147,846
-	-	-	9,276	-	35,346	24,495
(446)	(3)	-	(586)	-	(52,456)	(48,148)
-	-	-	887,195	266,372	1,153,567	393,408
-	-	-	(128,809)	(325,007)	(453,816)	(419,634)
(6,401)	(90)	-	(11,470)	-	4,019	1,754
-	-	-	-	-	38,881	37,450
-	-	-	-	(2)	(38,445)	(35,810)
(5,001)	-	-	5,472	(217)	(422)	842
104,030	709	-	601,858	(58,854)	(375,499)	(561,038)
-	-	-	28,629	-	3,140,191	2,546,191
(81,133)	(240)	(515)	(16,665)	-	(1,978,490)	(2,128,769)
(26,624)	(373)	(142)	(19,097)	-	(144,953)	(108,069)
-	-	-	(273)	-	(13,116)	(6,170)
-	-	-	35,204	-	35,204	27,589
98	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(107,659)	(613)	(657)	27,798	-	1,038,836	330,772
-	-	-	-	(1)	(307)	(371)
-	-	-	-	(381)	(2,255)	(1,862)
-	-	-	-	-	(2,107)	(2,333)
-	-	-	-	(382)	(4,669)	(4,566)
-	-	-	-	-	(699)	(439)
1,875	103	142	28,103	4,838	59,913	32,677
-	-	-	-	-	(22)	4,793
-	-	-	-	-	2,639	3,849
375	-	515	381,954	-	1,335,202	1,054,059
-	-	-	(1,205,626)	-	(2,110,312)	(1,094,316)
-	-	-	(13,000)	-	-	-
2,250	103	657	(808,569)	4,838	(713,279)	623
(1,379)	199	-	(178,913)	(54,398)	(54,611)	(234,209)
40,310	1,935	-	335,112	133,002	802,691	1,036,900
\$ 38,931	\$ 2,134	\$ -	\$ 156,199	\$ 78,604	\$ 748,080	\$ 802,691

(Continued)

MINNESOTA HOUSING FINANCE AGENCY

A Component Unit of the State of Minnesota

Fund Financial Statements

Statement of Cash Flows (in thousands)

Proprietary Funds (continued)

Year ended June 30, 2024 (with summarized comparative totals for year ended June 30, 2023)

	General Reserve	Bond Funds	
		Rental Housing	Residential Housing Finance
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 23,248	\$ 7,975	\$ 122,595
Adjustments to reconcile operating income/loss to net cash provided (used) by operating activities:			
Amortization of premiums (discounts) and fees on program mortgage-backed securities	-	(188)	5,312
Amortization of proportionate share-Pension	153	-	-
Depreciation	2,696	-	415
Salaries and Benefits-Pensions	(258)	-	-
Provision for loan losses	-	(92)	2,652
Reduction in carrying value of certain low interest rate and/or deferred loans	-	(203)	9,973
Capitalized interest on loans and real estate owned	-	-	(335)
Decrease (increase) in appropriated disbursed (received)	-	-	-
Changes in assets and liabilities:			
Decrease (increase) in loans receivable and program mortgage-backed securities, excluding loans transferred between funds	-	(17,690)	(1,171,051)
Decrease (increase) in interest receivable on loans	-	7	(6,617)
Increase (decrease) in accounts payable	410	(32)	1,319
Increase (decrease) in interfund payable, affecting operating activities only	(10,120)	(30)	5,368
Increase (decrease) in funds held for others	438	-	-
Other	1,118	(55)	(250)
Total	(5,563)	(18,283)	(1,153,214)
Net cash provided (used) by operating activities	\$ 17,685	\$ (10,308)	\$ (1,030,619)

See accompanying notes to financial statements

Bond Funds			Appropriated Funds		Total for the Year Ended June 30, 2024	Total for the Year Ended June 30, 2023
Homeownership Finance	Multifamily Housing	HOMES SM	State Appropriated	Federal Appropriated		
\$ 28,837	\$ 468	\$ -	\$ 645,856	\$ (55,452)	\$ 773,527	\$ 24,036
1,688	-	-	-	-	6,812	4,872
-	-	-	-	-	153	166
-	-	-	-	88	3,199	4,128
-	-	-	-	-	(258)	(6,294)
-	(1)	-	2,031	(3,162)	1,428	3,602
-	-	-	111,547	-	121,317	79,928
-	-	-	-	-	(335)	(751)
-	-	-	-	-	-	(849)
79,644	240	-	(160,109)	-	(1,268,966)	(663,241)
252	1	-	(18)	(4)	(6,379)	(2,364)
(1,390)	-	-	1,093	(917)	483	(6,546)
(5,000)	1	-	8,590	1,313	122	-
-	-	-	-	(2)	436	1,640
(1)	-	-	(7,132)	(718)	(7,038)	635
75,193	241	-	(43,998)	(3,402)	(1,149,026)	(585,074)
\$ 104,030	\$ 709	\$ -	\$ 601,858	\$ (58,854)	\$ (375,499)	\$ (561,038)

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Index to Notes to the Financial Statements
Year ended June 30, 2024

Note 1 – Nature of Business and Fund Structure	35
Note 2 – Summary of Significant Accounting and Reporting Policies.....	37
Note 3 – Cash, Cash Equivalents and Investment Securities	48
Note 4 – Loans Receivable, Net.....	51
Note 5 – Capital Asset Rollforward, Right to Use – Lease, Subscription and Other Assets	52
Note 6 – Bonds, Notes and Line of Credit Payable	53
Note 7 – Demand Bonds	61
Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps	62
Note 9 – Derivative Instruments – Forward Sales Contracts	67
Note 10 – State Appropriation-Backed Debt Obligation.....	67
Note 11 – Conduit Debt Obligation	69
Note 12 – Accounts Payable and Other Liabilities.....	69
Note 13 – Lease and Subscription Liability Rollforward	71
Note 14 – Interfund Balances and Transfers.....	72
Note 15 – Net Position	72
Note 16 – Defined Benefit Pension Plan.....	74
Note 17 – Post-Employment Benefits Other Than Pensions	77
Note 18 – Risk Management	80
Note 19 – Commitments	80
Note 20 – Litigation	81
Note 21 – Subsequent Events.....	81

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024

Note 1 – Nature of Business and Fund Structure

The Minnesota Housing Finance Agency (the Agency or Minnesota Housing) was created in 1971 by the Minnesota legislature through the enactment of Minnesota Statutes, Chapter 462A, which has been amended from time to time. The Agency was established to facilitate the construction and rehabilitation of housing in Minnesota for families of low- and moderate-income by providing mortgage loans, development loans, and technical assistance to qualified housing sponsors. The Agency, as a special purpose agency engaged in business-type activities is reflected on the State's annual comprehensive financial report as a discrete component unit of the State of Minnesota. The Agency receives appropriations from the state legislature annually, substantially all of which are used to make loans or grants under specified programs. The Agency also receives funds from the federal government and other entities for similar program purposes.

A primary government that appoints a voting majority of the organization's governing Board, and either (1) is able to impose its will on the organization or (2) has the potential to receive specific financial benefits or burdens imposed on it by the organization, is financially accountable to that organization. Based on this criterion, the Agency is considered a discretely presented component unit of the State of Minnesota and is included in its basic financial statements. The Agency has no component units required to be included as part of the reporting entity.

The Agency is authorized to issue general obligation bonds and notes to fulfill its corporate purposes up to a total outstanding amount of \$9.0 billion and to incur other indebtedness. None of the bonds, notes or other indebtedness is a debt of the State of Minnesota or any political subdivision thereof.

The following describes the funds maintained by the Agency. All Agency funds are presented as a major fund for public interest purposes, and are included in this report, all of which conform to the authorizing legislation and bond resolutions:

General Reserve

General Reserve was established in fulfillment of the pledge by the Agency of its full faith and credit to the payment of its general obligation bonds in its bond resolutions. Administrative costs of the Agency and multifamily development escrow receipts and related disbursements are recorded in this fund. The net position of General Reserve is available to support the following funds which are further described below: Rental Housing, Residential Housing Finance, Homeownership Finance and Multifamily Housing. Also described below is the Home Ownership Mortgage-backed Exempt Securities (HOMESSM) fund which carries limited obligations of the Agency and is therefore not supported by General Reserve.

Rental Housing

Activities relating to bond-financed multifamily housing programs are maintained under the Rental Housing bond resolution. Loans are generally secured by first mortgages on real property. The Rental Housing bond resolution prescribes the application of bond proceeds, debt service requirements of the bond indebtedness, permitted investments, and eligible loans to be financed from the bond proceeds.

Residential Housing Finance

Included within Residential Housing Finance are the bond funds, which include bonds issued and outstanding under the Residential Housing Finance bond resolution, the 2018 limited obligation and Index Bank Note and General Purpose Bonds trust indenture each issued under a separate trust indentures, and the Alternative Loan Fund which consists of the Housing Investment Fund (Pool 2) and the Housing Affordability Fund (Pool 3). All of these funds are restricted by a covenant with bondholders as to their use.

The bond resolution within Residential Housing Finance, along with the Homeownership Finance bond resolution, were the principal sources of financing for bond-financed homeownership programs (see Homeownership Finance below). Bonds were issued for the purpose of funding purchases of single family first mortgage loans, mortgage-backed securities backed by single family first mortgage loans, some related down payment and closing cost housing assistance loans, and subordinated home improvement loans. The majority of the single family first mortgage loans financed by these bond issues are insured by private mortgage insurers or the Federal Housing Administration (FHA) or guaranteed by the U.S.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 1 – Nature of Business and Fund Structure (continued)

Department of Veterans Affairs (VA) or the U.S. Department of Agriculture Rural Development (RD). Assets financed by the bonds issued and outstanding under the Residential Housing Finance bond resolution are pledged to the repayment of Residential Housing Finance bonds.

The Alternative Loan Fund has been established in Residential Housing Finance and residing therein are two sub funds: Pool 2 and Pool 3. Funds deposited therein would otherwise be available to be transferred to General Reserve. The Alternative Loan Fund is not pledged to the payment of the Residential Housing Finance bonds or any other debt obligation of the Agency but, to the extent that funds are available therein, is available to honor the general obligation pledge of the Agency.

Assets of the Pool 2 consist of investment quality housing loans, as defined by the Agency, and investment grade securities. During fiscal year 2024 this fund provided capital for several Agency programs including its home improvement loan program and its multifamily first-mortgage loan program. It also provided capital for warehousing purchases of mortgage-backed securities secured by single family first mortgage loans before these securities are permanently financed by issuing bonds or sold into the to be announced (TBA) market. In addition, it provided capital for amortizing second lien homeownership loans made in conjunction with the Agency's single family first mortgage loans. The fund may also provide interim financing for construction and rehabilitation of single-family housing and may be used to advance funds to retire Agency high interest-rate debt to provide tax credit bridge loans, for loans to partner organizations to acquire, rehabilitate and sell foreclosed homes, and to develop new affordable housing.

Assets of the Pool 3 consist of investment-grade securities when not utilized for program purposes. Program purposes include but are not limited to no-interest loans, loans at interest rates substantially below market, high risk loans, deferred loans, revolving funds, and grants. During fiscal year 2024 funds from Pool 3 were used for down payment and closing cost assistance for first-time homebuyers for capital costs and rental assistance for permanent supportive housing, for advances for certain multifamily housing developments in anticipation of permanent funding through state appropriation-backed housing bonds, and to provide deferred, subordinated multifamily loans.

The Residential Housing Finance bond resolution prescribes the application of bond proceeds, debt service requirements of the bond indebtedness, permitted investments, and eligible loans to be financed from the bond proceeds. The limited obligation index bank note trust indenture and the General Purpose Bonds trust indenture each prescribes the application of debt proceeds and permitted investments.

Homeownership Finance

This bond resolution was originally adopted for the purpose of issuing mortgage revenue bonds under the United States Treasury's Single Family New Issue Bond Program (NIBP). Non-NIBP mortgage revenue bonds, which also meet resolution requirements, have also been issued under this resolution. Bonds issued under this resolution fund mortgage-backed securities backed by single family first mortgage loans. These securities are guaranteed as to payment of principal and interest by either the GNMA or the FNMA or the Federal Home Loan Mortgage Corporation (FHLMC).

Multifamily Housing

This bond resolution was adopted for the purpose of issuing multifamily housing bonds under the United States Treasury's Multifamily New Issue Bond Program. Bonds were issued during a prior fiscal year for one rental housing project.

Home Ownership Mortgage-backed Exempt Securities (HOMESSM)

This bond indenture implements a program developed by the investment banking division of a major bank whereby the Agency issues and sells to the investment bank limited obligations of the Agency (HOMESSM certificates), each secured by a mortgage-backed security guaranteed by FNMA or GNMA. The HOMESSM Certificates are not secured by the general obligation pledge of the Agency and are not protected by the moral obligation backing from the State of Minnesota.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 1 – Nature of Business and Fund Structure (continued)

State Appropriated

The State Appropriated fund was established to account for funds received from the Minnesota legislature which are to be used for programs for low- and moderate-income persons and families in the form of low-interest loans, no-interest deferred loans, low-interest amortizing loans, down-payment assistance, debt service and other costs associated with appropriation-backed housing bonds, and other housing-related program costs. The net position of the State Appropriated fund is not pledged or available to secure bonds issued under any of the Agency's bond funds, nor available to creditors of the Agency. State appropriations received for debt service payments on State appropriation-backed bonds are restricted for that use only and are not pledged or available for any other purpose. The unrestricted – state appropriated-backed bonds will be retired through future appropriations from the State.

Federal Appropriated

The Federal Appropriated fund was established to account for funds received from the federal government which are to be used for programs for low- and moderate-income persons and families in the form of no-interest deferred loans and grants in support of foreclosure counseling and remediation efforts, assistance to tax credit developments and other housing-related program costs. Beginning in fiscal year 2021 the fund was also for funds received from the federal government for COVID emergency rental assistance and beginning in fiscal year 2022 funds received were also used for COVID emergency homeowners assistance. The net position of the Federal Appropriated fund is not pledged or available to secure bondholders or creditors of the Agency.

Note 2 – Summary of Significant Accounting and Reporting Policies

Basis of Accounting

The Agency's financial statements present both Agency-wide and Fund Financials and have been prepared on the accrual basis utilizing the proprietary fund concept which pertains to financial activities that operate in a manner similar to private business enterprises and are financed through fees and charges assessed primarily to the users of the services. Eliminations have been made to minimize the double-counting of internal activities in the Agency-wide financial statements.

Proprietary fund operating revenues result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's enterprises are investment and loan related revenues, appropriations received, and administrative reimbursements. The principal operating expenses of the proprietary funds are administrative reimbursements, salaries and benefits, appropriations disbursed, and reduction in carrying value of certain low interest rate deferred loans. All revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Accounting Principles Generally Accepted in the United States (GAAP)

The financial statements of the Agency have been prepared in conformity with GAAP as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The following are GASB statements adopted during fiscal 2024.

GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

This statement had no effect on the 2024 financial statements.

Future Accounting Pronouncements

GASB Statement 101 – Compensated Absences. The requirements of this Statement are effective as follows:

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement 102 – Certain Risk Disclosures. The requirements of this Statement are effective as follows:

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for certain risk disclosures made in fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement 103 – Financial Reporting Model Improvement. The requirements of this Statement are effective as follows:

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

This Statement continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government’s financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that “boilerplate” discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund’s current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund’s current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement 104 – Disclosure of Certain Capital Assets. The requirements of this Statement are effective as follows:

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information*

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Cash and Cash Equivalents

Cash and Cash equivalents are short-term, highly liquid investments and are classified as current assets. Cash equivalents may include commercial paper, money market funds, repurchase agreements, State Investment Pool holdings and any other investments, primarily U.S. treasury and agency securities, that have 90 or less days remaining to maturity at the time of purchase. Investment agreements are also classified as cash and cash equivalents.

Investments- Program Mortgage-backed Securities (or MBS) and Investment Securities- Other

The Agency generally carries investment securities at fair market value. Unrealized gains and losses on investment securities resulting from changes in market valuation are generally recorded as revenue. However, unrealized gains and losses on investments of multifamily development escrow funds resulting from changes in market valuation, as well as unrealized gains and losses on MBS held in the HOMESSM Fund, are recorded as adjustments to funds held for others. Investments- program mortgage-backed securities, as previously described, are shown separately on the Statement of Net Position, and based on maturity date are classified as current and noncurrent.

Permitted Agency investments include government obligations, commercial paper, repurchase agreements, money market funds, guaranteed investment contracts (i.e., investment agreements), the State investment pool, corporate obligations, municipal bonds, and other investments consistent with requirements of safety and liquidity that comply with applicable provisions of the bond resolutions, state law and Board policy.

Loans Receivable, Net

Loans receivables are carried at their unpaid principal balances, net of an allowance for loan losses. Loans scheduled to mature or paid off in the coming fiscal year are considered current, the remaining loans are noncurrent.

The allowances for loan losses are established based on management's evaluation of the loan portfolio.

Generally, the Agency provides an allowance for loan losses for multifamily loans after considering the specific known risks: adequacy of collateral and projected cash flows; past experience; amount of federal or state rent subsidies, if any; the status and amount of past due payments, if any; the amount of deferred maintenance, if any; and current economic conditions.

For homeownership, monthly payment seconds (MP2nds) and home improvement loans, the Agency establishes varying amounts of reserves depending upon the number of delinquent loans, the estimated amount of loss per delinquent loan, the number of days delinquent and the type of insurance coverage in force, if any: FHA insurance, RD guarantee, VA guarantee, or private mortgage insurance. Actual gains and losses are posted to allowance for loan losses. Management believes the allowances for loan losses adequately reserve for probable losses inherent in the loan portfolios as of June 30, 2024.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Interest Receivable on Loans and Program Mortgage-Backed Securities

The Agency accrues interest on its amortizing loans until they become 90 days or more delinquent in the case of multifamily loans, until they become “real estate owned” (described below) for homeownership loans, or until they are classified by the Agency as inactive for home improvement loans.

FHA/VA Insurance Claims, Net

Mortgages that are FHA insured or VA guaranteed, and for which insurance claims have been filed, are included in this category. FHA/VA insurance claims receivable, net is carried at its estimated realizable value.

Real Estate Owned, Net

Real estate acquired through foreclosure is recorded at the lower of the investment in the loan or estimated fair market value less estimated selling costs. These properties may be RD guaranteed, uninsured or have private mortgage insurance. Real estate owned; net is carried at its estimated realizable value. The intent for holding real estate owned is to convert them to cash within a year, therefore are classified as a current asset.

Interest Rate Swap Agreements

Agency interest rate swap agreements with a positive fair value as of the end of fiscal year 2024 are recorded here as a noncurrent asset.

Capital Assets

Capital assets are recorded at cost and estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). The Agency defines capital assets as assets with an initial cost of more than \$2,000. Donated capital assets are recorded at their acquisition value at the date of donation. Estimated useful life is management’s estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives: furniture and equipment five years and software two to five years. Statement No. GASB 87, right to use lease asset for our long-term building lease with a term of 10 years is included as a capital asset. Statement No. GASB 96, subscription-based information technology (SBITA) assets for contracts that convey control of the right to use another party’s information technology software are also included in capital assets and are amortized over life of contract.

Other Assets

Other Assets include prepaid fees and fees receivable expected to be transacted within one year and Federal Financing Board (FFB) Mortgage Reserve expected to be held more than one year.

Deferred Loss on Refunding

The deferred loss on refunding, if any, results from the difference in the carrying amount of the refunded debt and its reacquisition price. The deferred loss on refunding is recognized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

Deferred Gain on Interest Rate Swap Agreements

The Agency’s interest rate swap agreements all have a positive fair value as of the end of fiscal year 2024. Because these agreements have been determined to be effective hedges under applicable accounting guidance, the positive fair value is recorded as a deferred gain.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Deferred Pension and OPEB Expense

The deferred inflows and outflows of pension resources are amounts used under applicable accounting guidance in developing the annual pension expense. They arise with differences between expected and actual experience, investment differences, changes of assumptions and changes in proportions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.

Bonds Payable

Bonds payable are carried at their unpaid principal balances. Principal balances scheduled to be paid within one year subsequent to year-end, mandatory pass-through redemptions and optional redemptions of bonds exercised before June 30, 2024, are reported as current liabilities. Because the Agency is the issuer of the state appropriation-backed bonds they are included in this category, but amounts held in funds securing those bonds are not pledged or available to secure other bondholders or creditors of Minnesota Housing.

Interest Payable

The interest payable represents interest payable on bonds, notes, and swaps as of end of fiscal year 2024 and are recorded as a current liability.

Net Pension and Total OPEB Liability

The net pension and total OPEB liability is the Agency's proportionate share of the liability of all employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS), a multi-employer defined benefit plan in which Agency employees participate, and additions to/deductions from MSRS's fiduciary net position have been determined on the same basis as they are reported by MSRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The total OPEB liability, deferred outflows of resources and deferred inflows of resources, OPEB expense are based on actuarial valuations performed as of July 1, 2022. The total OPEB liability was rolled-forward from the valuation date to the measurement date of June 30, 2023, using generally accepted actuarial principles, and have been determined on the same basis as they are reported by MSRS. For this purpose, MSRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Accounts Payable and Other Liabilities

Accounts payable is comprised of short-term debt owed to suppliers. Other liabilities include the current and noncurrent portion of compensated absences, payroll accrual, Federal Financing Bank (FFB) loan liability and outstanding bridge loan liability.

Interfund Payable (Receivable)

Interfund payable (receivable) primarily reflects current pending transfers of cash and assets between funds. The more significant activities that flow through this fund may include funds advanced for purposes of optionally redeeming bonds when economically advantageous; funds advanced for loan warehousing; administrative fees receivable and payable between funds; non-operating transfers among the Housing Endowment Fund (Pool 1), the Pool 2, and the Pool 3; and certain mortgage payments received but not yet transferred to their respective funds.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Funds Held for Others

Funds held for others are primarily escrow amounts held by the Agency on behalf of multifamily housing developments where the Agency holds the first mortgages. These amounts are held under the terms of the related loans and federal regulations regarding subsidized housing. Investment income relating to these funds is credited directly to the escrow funds and is not included in the investment income of General Reserve. Escrows are classified between current and noncurrent based on the scheduled pay out dates.

Also included in funds held for others are unrealized gains and losses on investments of the multifamily housing development escrow fund investments, unrealized gains and losses on the mortgage-backed securities supporting HOMESSM certificates, and funds held for, and reimbursable to, HUD, such as Section 8 payments. In addition, investment income on unspent Section 8 funds is credited directly to funds held for others and not included in the investment income of the Federal Appropriated Fund.

Lease Liability

On September 1, 2017, the Agency entered in a lease for 61,000 square feet of office space. The term of the lease is September 1, 2017 – August 31, 2027, with total lease payments over the life of the lease of \$15,432,390, payable monthly, with incremental increases on September 1st of each year during the term of the lease. The lease liability was initially recorded at the present value of the future lease payments using an incremental borrowing rate of 5.11 percent and is being amortized using the effective interest method over the life of the lease.

Subscription Liability

On July 1, 2022, the Agency implemented *GASB 96, Subscription-Based Information Technology Arrangement (SBITAs)*. The Agency's SBITAs generally consist of vendor Information Technology (IT) software license fees, application and service transaction fees, technology-based subscriptions such as cloud services and other services based on the contracts. The Agency has acquired several SBITAs where the terms of the assets are valued at over one year. The Agency has implemented an internal process and procedure to examine whether a SBITA is subject to GASB 96 thoroughly and to ensure the classification of such SBITAs complies with GASB 96. The classification process factors in the three stages of a SBITA during the preliminary, implementation stage, (including all ancillary charges associated with putting the asset in place, which are included in the initial asset amount), and the operational and additional implementation stages, are factored into our considerations. SBITAs with variable costs driven by volume and usage are exempted from the statement and excluded.

On June 30, 2024, FY24, the assets have an ending balance of \$4.0 million, accumulated amortization of \$1.9 million, and an ending subscription liability balance of \$1.9 million. The subscription liability was initially recorded at the present value of the future lease payments using an incremental borrowing rate determined by the Agency's advance rates and is being amortized using the effective interest method over the life of the subscription terms.

Deferred Service Release Fees

The Agency's master servicer pays the Agency a fee for the right to service the loans backing mortgage-backed securities that are purchased and retained by the Agency. These fees are initially recorded as deferred inflows of resources and then amortized to fees earned and other income using the effective interest method over the expected life of the loans. These fees are reported consistent with loan origination fees under GASB No. 65 which requires points received by a lender in relation to a loan origination should be reported as a deferred inflow of resources and recognized as revenue in a systematic and rational manner over the duration of the related loan.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Deferred Pension and OPEB

The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences, changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.

Fair Value Reporting

Minnesota Housing's investments are generally recorded at fair value as of June 30, 2024. GASB No. 72 *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset between market participants at the measure date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace.

A financial instrument's level within the fair value hierarchy is based on the highest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1: Investments whose values are based on quoted prices (unadjusted) for identical assets (liabilities) in active markets that a government can access at measurement date.
- Level 2: Investments with inputs—other than quoted prices included within Level 1 that are observable for an asset (liabilities), either directly or indirectly.
- Level 3: Investments classified as Level 3 have unobservable inputs for an asset (liabilities) and may require a degree of professional judgement.

Restricted by Bond Resolution

The Restricted by bond resolution portion of net position represents the amount restricted within the respective bond resolution due to the specific provisions of the bond resolutions.

Restricted by Covenant

The Restricted by covenant portion of net position represents those assets in General Reserve and those assets that would otherwise be available to be transferred to General Reserve under the applicable bond resolutions. Under the Agency's bond resolutions, the Agency covenants that it will use the assets in General Reserve only for the administration and financing of programs in accordance with the policy and purpose of Minnesota Housing's enabling legislation, including reserves for the payment of bonds and notes and of loans made from the proceeds thereof, and will accumulate and maintain therein such balance of funds and investments as will be sufficient for the purpose. The Agency's Board establishes investment guidelines for these funds.

Restricted by Law

Undisbursed, recognized federal and state appropriations are classified as restricted by law.

Unrestricted – State Appropriation-backed Bonds

The deficit position of unrestricted by state appropriation-backed bond net position represents outstanding non-profit housing and housing infrastructure bonds that are not a general obligation of the Agency. Amounts held in funds securing those bonds are not pledged or available to secure other bondholders or creditors of Minnesota Housing.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Unrestricted – Other

Negative amounts are not allowed in any category of restricted net position. If related liabilities and net inflows of resources exceed the assets on hand, the “shortfall” by default is covered by unrestricted assets. The Agency has moved the negative net restricted amounts to unrestricted.

Net Investment in Capital Assets

This represents the balance of capital assets, net of depreciation and the lease and subscription liability.

Order of Net Position Used

When both restricted and unrestricted resources are available for use, it is the Agency’s policy to use restricted resources first and then unrestricted resources as they are needed.

Agency-wide Total

The Agency-wide total columns reflect the totals of the similar accounts of the various funds. Since the assets of certain funds are restricted by either the related bond resolutions or legislation, the totaling of the accounts, including assets therein, does not indicate that the combined assets are available in any manner other than that provided for in either the bond resolutions, Board resolutions or the legislation for the separate funds or groups of funds.

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency’s financial statements for the year ended June 30, 2023, from which such summarized information was derived.

Appropriations Received and Disbursed

Appropriations received represents revenue from grants and housing infrastructure bonds is recognized as revenue in the fiscal year in which all eligibility requirements have been satisfied.

Appropriations disbursed represents disbursement of grant awards in accordance with program guidelines.

Administrative Reimbursement

The largest source of funding for the Agency’s administrative operations is a monthly transfer from each of the bond funds to General Reserve based on adjusted assets. Adjusted assets are defined as total assets excluding the reserve for loan loss, proceeds of limited obligation debt and unrealized appreciation and depreciation on investments including all mortgage-backed securities. Additional funding for the Agency’s administrative operations is provided by a monthly transfer from Pool 2 based on a portion of the net gain on the sale of mortgage-backed securities held for sale.

For programs funded by state appropriations, the Agency recovers the cost of administering the programs but only to the extent of interest earnings on unexpended state appropriations.

For programs funded by federal appropriations, the Agency recovers the cost of administering programs through an approved federal indirect cost recovery rate but only to the extent that funds are available.

Certain other direct costs are also recovered. Total direct and indirect costs recovered from the federal government in the amount of \$5.5 million are reflected as administrative reimbursement revenues in the General Reserve. Administrative reimbursements in the amount of \$47.8 million between the Agency’s funds have been eliminated from the respective administrative reimbursement revenues and expenses line items for purposes of presentation in the Agency-wide statement of activities.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 2 – Summary of Significant Accounting and Reporting Policies (continued)

Fees Earned and Other Income

Fees earned and other income consists mainly of fees related to the financing and administration of Section 8 properties, including administration of a HUD-owned Section 8 portfolio, acquisition fees earned from the sale of mortgage servicing rights, fees in connection with operating the federal Low Income Housing Tax Credits program, annual fees related to certain multifamily housing development loans, fees from the Low Income Rental Classification program, private contributions restricted to use in the Agency's Homeownership Education Counseling and Training Program, housing development operating subsidies received from other state agencies, fees received for reimbursement for the cost of issuance for certain bonds, and fees for issuing and monitoring conduit bonds. Fees earned and other income is recorded as it is earned.

Reduction in Carrying Value of Certain Low-Interest Rate Deferred Loans

The carrying value of certain Pool 3 loans and State Appropriated loans which are originated at below market interest rates and for which repayment is deferred for up to 30 years, is written down to zero at the time of origination by providing for a reduction in carrying value of certain low interest rate deferred loans because of the nature of these loans and the risks associated with them. Certain of these loans may be forgiven at maturity.

Non-operating Transfer of Assets Between Funds

Non-operating transfers occur as a result of bond sale contributions related to new debt issues; transfers between the Pool 1, the Pool 2, and the Pool 3 to maintain the Pool 1 required balance, and periodic transfers from the bond funds of assets in excess of bond resolution requirements.

Non-Cash Activities

Transfers from loans receivable to FHA/VA insurance claims receivable and real estate owned for fiscal year 2024 were \$1.5 million in Residential Housing Finance.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Agency, as a component unit of the State of Minnesota, is exempt from federal and state income taxes. Accordingly, no provision for income taxes is necessary.

Rebatable Arbitrage

Arbitrage earnings that are owed to the United States Treasury are recorded in accounts payable and based on estimated calculations performed by an independent calculation specialist on an ongoing basis. Also included in this category is yield compliance liability.

Reclassifications

Certain amounts in the statement of activities and statement of revenue, expenses and changes in net position for the year ended June 30, 2023, have been reclassified to be consistent with the classifications for the year ended June 30, 2024.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 3 – Cash, Cash Equivalents and Investment Securities

Cash and Cash Equivalents

Cash and cash equivalents are generally stated at cost, which approximates fair value. The balances were composed of the following at June 30, 2024 (in thousands):

Funds	Deposits¹	Money Market Funds	State Investment Pool (ITC)	Investment Agreements	Combined Totals
General Reserve Account	\$ -	\$ -	\$ 84,132	\$ -	\$ 84,132
Rental Housing	4,640	38,544	-	-	43,184
Residential Housing Finance	797	343,868	-	231	344,896
Homeownership Finance Bonds	-	38,931	-	-	38,931
Multifamily Housing Bonds	-	2,134	-	-	2,134
State Appropriated Accounts	68	32,216	123,915	-	156,199
Federal Appropriated Accounts	35,421	4,572	38,611	-	78,604
Combined Totals	<u>\$40,926</u>	<u>\$460,265</u>	<u>\$246,658</u>	<u>\$231</u>	<u>\$748,080</u>

¹ Deposits may be in Cash or Cash Equivalents.

Included in deposits was cash awaiting investment, consisting of interest earned on investments accrued at year end and certain federal emergency funds.

The ITC is an internal investment pool managed by the Minnesota State Board of Investments (SBI). The SBI invests in debt securities, including U.S. treasury securities, U.S. agency securities, bankers' acceptances, high grade corporates, and commercial paper. The investment objectives for investing state cash accounts are to preserve capital and to provide a level of current income consistent with the goal of preserving capital. This investment pool is unrated.

Generally, investment agreements are uncollateralized, interest-bearing contracts with financial institutions or corporations with variable liquidity features, which require a one-day to two-week notice for deposits and/or withdrawals and are invested in accordance with the restrictions specified in the various bond resolutions.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in market interest rates of debt investments will adversely affect the fair value of an investment. The Agency's Board Policy – *Investments and Cash Management* requires interest rate risk of variable rate debt to be hedged with interest rate swaps. Interest rate risk information is presented using the weighted average maturity method, which expresses investment time horizons, the period when investments become due and payable in years or months, weighted to reflect the dollar size of individual investments within investment type.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer's debt or otherwise lack of diversification. The Agency does not have a formal policy regarding concentration of credit risk for rated corporate debt securities that are among the top four quality categories. For other types of investments, Minnesota Statutes 11A.24 established investment parameters.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 3 – Cash, Cash Equivalents and Investment Securities (continued)

Investment Securities

Investment securities (comprising U.S. Treasury securities, U.S. Agency securities, mortgage-backed securities, and municipal bonds) are recorded at fair market value and were allocated to the following funds at June 30, 2024 (in thousands):

Funds	Investment Securities-Other at Amortized Cost	Program Mortgage-backed Securities	Unrealized Appreciation (Depreciation)	Estimated Market Value
General Reserve Account	\$ 13,150	\$ -	\$ -	\$ 13,150
Rental Housing	18,898	-	(955)	17,943
Residential Housing Finance	70,634	3,545,898	(254,656)	3,361,876
Homeownership Finance Bonds	3,556	964,792	(110,888)	857,460
HOMES SM	4,245	-	(505)	3,740
State Appropriated Accounts	899,698	-	(248)	899,450
Combined Totals	<u>\$1,010,181</u>	<u>\$4,510,690</u>	<u>\$(367,252)</u>	<u>\$5,153,619</u>

U.S. Treasury securities, U.S. Agency securities, and municipal bonds in General Reserve, State Appropriated and Federal Appropriated are held by the State of Minnesota on behalf of the Agency. U.S. Treasury and U.S. Agency securities in the remainder of the funds are held by the trustees under the Agency's bond resolutions and bond indentures in the Agency's name.

Investment securities are subject to credit risk. The following table classifies investment securities, except certain U.S. Treasuries, by their lowest Standard & Poor's/Moody's rating. Investment securities' credit rating categories (without qualifiers) at June 30, 2024, were (in thousands):

Credit Ratings of Investment Securities

Type	Fair Value	AA+/Aaa	AA/Aa2/Not rated
U.S. Agencies	\$4,244,239	\$4,244,239	\$ -
Municipal Bonds	6,775	-	6,775
Agency-wide Totals	4,251,014	4,244,239	6,775
U.S. Treasuries	902,605	902,605	
Agency-wide Totals	<u>\$5,153,619</u>	<u>\$5,146,844</u>	

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 3 – Cash, Cash Equivalents and Investment Securities (continued)

Examining the weighted average maturities of the Agency's investment securities can reveal information about interest rate risk. Cash, cash equivalents and investment securities (excluding unrealized depreciation) of \$367.3 million and net discount of \$13.6 million, along with the weighted average maturities (in years) as of June 30, 2024, consisted of the following (in thousands):

Type	Fair Value	Fair Value of Investment Maturities (in years)			
		Less than 1 year	1-5 years	5-10 years	Greater than 10 years
Money market fund	\$ 460,265	\$ 460,265	\$ -	\$ -	\$ -
ITC	246,658	246,658	-	-	-
Investment	231	-	-	-	231
US Agencies	4,244,239	-	19,169	1,056	4,224,014
US Treasuries	902,605	757,691	144,914	-	-
Municipals	6,775	-	-	-	6,775
Agency-wide Totals	<u>\$5,860,773</u>	<u>\$1,464,614</u>	<u>\$164,083</u>	<u>\$1,056</u>	<u>\$4,231,020</u>

Investments in any one issuer, excluding \$3.093 million of investments issued or explicitly guaranteed by the U.S. Government, that represent five percent or more of the fair value of total investments, as defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, as of June 30, 2024, were as follows (in thousands):

Investment Issuer	Amount
Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, U.S. Agencies	\$2,369,264

The Agency maintained certain deposits and investments throughout fiscal year 2024 that were subject to custodial credit risk. As of June 30, 2024, the amounts subject to this risk consisted of the following (in thousands):

	Amount
Deposits not covered by depository insurance and uncollateralized (including \$460,265 in a money market fund and \$246,658 in the ITC)	\$ 747,849
Investment securities uninsured, uncollateralized.	5,093,636
Agency-wide Total	<u>\$5,841,485</u>

Certain balances are required to be maintained under the various bond resolutions. These balances represent debt service and insurance reserves. The required balances at June 30, 2024, were as follows (in thousands):

Program Funds	Amount
Multifamily Housing Bonds	\$ 479
Rental Housing	728
Residential Housing Finance	5,578
Combined Totals	<u>\$6,785</u>

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 3 – Cash, Cash Equivalents and Investment Securities (continued)

The following table summarizes Minnesota Housing's investments within the fair value hierarchy at June 30, 2024 (in thousands):

Investments (at fair value)	Level 1	Level 2	Level 3	Total
U.S. Agencies	\$ 11,984	\$4,232,255	\$ -	\$4,244,239
U.S. Treasuries	804,571	98,034	-	902,605
Municipals	-	6,775	-	6,775
Fair market value	<u>\$816,555</u>	<u>\$4,337,064</u>	<u>\$ -</u>	<u>\$5,153,619</u>

Note 4 – Loans Receivable, Net

Loans receivable, net at June 30, 2024, consisted of (in thousands):

Funds	Outstanding Principal	Allowance for Loan Losses	Loans Receivable, Net
Rental Housing	\$ 174,027	\$ (2,429)	\$ 171,598
Residential Housing Finance	862,975	(14,727)	848,248
Multifamily Housing	12,718	(64)	12,654
State Appropriated	101,757	(3,270)	98,487
Federal Appropriated	3,178	(16)	3,162
Agency-wide Totals	<u>\$1,154,655</u>	<u>\$(20,506)</u>	<u>\$1,134,149</u>

Substantially all loans in the table above are secured by first or second mortgages on the real property financed. A significant portion of the homeownership first mortgage loans in the Residential Housing Finance fund have either FHA insurance or a VA or RD guarantee. Insurance reduces, but does not eliminate, loan losses.

In addition to the loans in the table above, certain loans are carried at below-market interest rates and repayment is deferred for up to 30 years. These loans are generally in either a second or more subordinate mortgage position or may be unsecured. Given the nature of these loans and the risk associated with them, at the time of origination they are fully reserved resulting in a net carrying value of zero. The principal amount of loans with such characteristics originated during fiscal year 2024 aggregated \$12.033 million in Pool 3, \$0 in Rental Housing and \$125.310 million in State Appropriated. Loans with net carrying values of \$0 are excluded from the tables above and below. The Agency also has deferred and/or forgivable loans with net carrying values of \$0 in the Federal Appropriated, HOMESSM, National Housing Trust Fund (NHTF) and Housing Opportunities for Persons with Aids (HOPWA) programs. These loans are tracked for affordability by staff. The balance of these loans at June 30, 2024, was \$70.6 million compared to \$67.7 million on June 30, 2023.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 4 – Loans Receivable, Net (continued)

Loans receivable, net and gross in Residential Housing Finance at June 30, 2024, consist of a variety of loans as follows (in thousands):

Description	Net Outstanding Amount	Gross Outstanding Amount
Residential Housing Finance Bonds:		
Homeownership, first mortgage loans	\$164,154	\$164,625
Other homeownership loans, generally secured by a second mortgage	26,994	27,928
Alternative Loan Fund, Housing Investment Fund (Pool 2):		
Home Improvement loans, generally secured by a second mortgage	122,562	124,443
Homeownership, first mortgage loans	50,536	51,267
Other homeownership loans, generally secured by a second mortgage	73,342	75,611
Multifamily, first mortgage loans	278,591	281,947
Alternative Loan Fund, Housing Affordability Fund (Pool 3):		
Other homeownership loans, generally secured by a second mortgage	130,084	134,921
Multifamily, first mortgage loans	1,985	2,233
Residential Housing Finance Totals	<u>\$848,248</u>	<u>\$862,975</u>

The Agency is limited by statute to financing real estate located within the State of Minnesota. Collectability depends on, among other things, local economic conditions.

Note 5 – Capital Asset Rollforward, Right to Use – Lease, Subscription and Other Assets

Capital Assets Rollforward

A summary of capital asset activity for the year ended June 30, 2024, is as follows:

	Beginning Balance (as restated)	Increases	Decreases	Adjustments	Ending Balance
Capital assets, being depreciated:					
Furniture and equipment	\$ 3,749	\$ 92	\$ (299)	\$ -	\$ 3,542
Software	7,640	1,692	(1,435)	(131)	7,766
Right to use - lease	9,739	-	-	-	9,739
Right to use - Subscription	3,872	-	-	177	4,049
Total capital assets, being depreciated	25,000	1,784	(1,734)	46	25,096
Less accumulated depreciation for:					
Furniture and equipment	(3,696)	-	441	-	(3,255)
Software	(6,305)	(1,439)	1,435	-	(6,309)
Right to use - lease	(4,077)	(1,359)	-	-	(5,436)
Right to use - Subscription	(1,373)	(543)	-	-	(1,916)
Total accumulated depreciation	(15,451)	(3,341)	1,876	-	(16,916)
Capital assets, net	<u>\$ 9,549</u>	<u>\$ (1,557)</u>	<u>\$ 142</u>	<u>\$ 46</u>	<u>\$ 8,180</u>

All depreciation expenses are reported under the *other general operating* expenses section of the financial statements.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 5 – Capital Asset Rollforward, Right to Use – Lease, Subscription and Other Assets (continued)

Other Assets

Other assets, including receivables, at June 30, 2024, consisted of the following (in thousands):

Funds	Receivables Due from the Federal Government	Other Assets and Receivables	Total
General Reserve Account	\$2,736	\$ 5	\$ 2,741
Rental Housing	-	60	60
Residential Housing Finance	-	1,222	1,222
Homeownership Finance	-	19	19
State Appropriated	-	7,132	7,132
Federal Appropriated	866	-	866
Combined Totals	<u>\$3,602</u>	<u>\$8,438</u>	<u>\$12,040</u>

Note 6 – Bonds, Notes and Line of Credit Payable

Summary of bonds, note and line of credit payable activity, at June 30, 2024, is as follows (in thousands):

Funds	June 30, 2023 Balance Outstanding	Issued	Repaid	Premium/ Discount/ VRD Fees Amortization	June 30, 2024 Balance Outstanding	Balance Due Within One Year
Rental Housing	\$ 69,725	\$ 23,250	\$ 13,430	\$ -	\$ 79,545	\$ 59,390
Residential Housing Finance	2,573,055	1,353,445	198,205	-	3,728,295	105,445
Homeownership Finance Bonds	1,028,934	-	81,133	-	947,801	6,357
Multifamily Housing Bonds	12,520	-	240	-	12,280	240
HOMES SM	4,760	-	515	-	4,245	-
2018 Index Bank Note	12,209	74,141	69,002	-	17,348	17,348
General Purpose Bonds	-	60,000	-	-	60,000	1,395
Total	<u>\$3,701,203</u>	<u>\$1,510,836</u>	<u>\$362,525</u>	<u>\$ -</u>	<u>\$4,849,514</u>	<u>\$190,175</u>
Bond premium/discount-Residential Housing Finance	35,673	18,170	-	12,146	41,697	17,507
State Appropriation-Backed Bonds	438,810	26,635	16,665	-	448,780	18,055
State Appropriated Premium	47,092	1,994	-	4,589	44,497	4,341
Revolving Line of Credit	45,000	1,582,500	1,599,300	-	28,200	28,200
Total Net	<u>\$4,267,778</u>	<u>\$3,140,135</u>	<u>\$1,978,490</u>	<u>\$16,735</u>	<u>\$5,412,688</u>	<u>\$258,278</u>

The drawdown Index Bank Note and the General Purpose Bonds are part of the Residential Housing Finance Fund. State appropriation-backed bonds are included in the State Appropriated fund.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 6 – Bonds, Notes and Line of Credit Payable (continued)

Bonds payable at June 30, 2024, were as follows (in thousands):

Series	Interest Rate	Final Maturity	Original Amount	Outstanding Amount
<u>Rental Housing Bonds</u>				
2013 Series A-1	4.875% to 5.30%	2049	\$ 3,710	\$ 3,260
2013 Series B-1	5.00% to 5.30%	2044	2,040	1,695
2022 Series A	2.30%	2024	7,190	7,190
2022 Series B	2.85%	2024	8,200	8,200
2022 Series C	3.80%	2025	10,495	10,495
2023 Series A	3.15%	2025	5,150	5,150
2023 Series B	3.30%	2025	10,640	10,640
2023 Series C	3.45%	2025	9,665	9,665
2023 Series D	3.65%	2025	7,940	7,940
2023 Series E	3.875%	2025	5,720	5,720
2024 Series A-1	3.95% to 4.90%	2066	5,530	5,530
2024 Series A-2	3.875%	2026	4,060	4,060
			<u>\$ 80,340</u>	<u>\$ 79,545</u>
<u>Residential Housing Finance Bonds</u>				
2007 Series M	6.345%	2038	\$ 70,000	\$ 7,850
2013 Series C	3.60% to 3.90%	2043	42,310	13,225
2014 Series A	4.00%	2038	50,000	505
2014 Series B	4.00%	2038	50,000	1,640
2014 Series C	3.125% to 4.00%	2045	143,145	11,900
2014 Series D	3.00% to 3.10%	2026	6,585	2,320
2014 Series E	3.10% to 3.50%	2032	76,000	21,805
2015 Series A	4.00%	2041	43,070	1,440
2015 Series D	Variable	2046	18,225	13,460
2015 Series E	3.50%	2046	96,930	6,765
2015 Series G	Variable	2034	35,000	27,710
2016 Series A	2.30% to 3.20%	2033	63,135	9,540
2016 Series B	3.10% to 3.50%	2046	74,985	13,425
2016 Series C	3.25% to 4.20%	2037	15,590	1,940
2016 Series E	4.00%	2047	75,005	3,980
2016 Series F	Variable	2041	50,000	36,800
2017 Series B	4.00%	2047	37,390	6,635
2017 Series C	Variable	2038	40,000	30,430
2017 Series E	4.00%	2048	63,075	12,955
2017 Series F	Variable	2041	40,000	31,865
2018 Series B	4.00%	2048	43,680	10,875
2018 Series D Remarket	Variable	2045	19,625	19,625
2018 Series E	4.25%	2049	65,200	20,155
2018 Series G	4.73%	2049	35,000	515
2018 Series H Remarket	Variable	2041	28,820	28,820
2019 Series B	4.25%	2049	98,195	26,495

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 6 – Bonds, Notes and Line of Credit Payable (continued)

Series	Interest Rate	Final Maturity	Original Amount	Outstanding Amount
Residential Housing Finance Bonds (continued)				
2019 Series C	3.092% to 4.204%	2042	\$ 37,500	\$ 340
2019 Series D	Variable	2042	45,000	32,425
2019 Series E	1.65% to 1.75%	2025	13,225	1,350
2019 Series F	1.50% to 3.75%	2050	96,775	45,450
2019 Series H	Variable	2050	43,985	40,840
2020 Series A	1.45% to 1.70%	2026	20,850	5,505
2020 Series B	1.45% to 3.50%	2050	149,150	89,040
2020 Series C	2.007% to 3.337%	2050	60,000	32,145
2020 Series D	1.05% to 1.80%	2027	19,300	6,245
2020 Series E	1.20% to 3.50%	2050	130,700	91,535
2020 Series F	0.90% to 1.70%	2028	15,630	7,040
2020 Series G	1.45% to 3.00%	2051	109,370	85,970
2020 Series H	0.70% to 1.50%	2028	16,525	8,470
2020 Series I	1.15% to 3.00%	2051	108,475	91,140
2021 Series A	0.75% to 1.95%	2030	23,060	16,130
2021 Series B	0.60% to 3.00%	2051	101,940	89,155
2021 Series C	0.70% to 1.45%	2028	24,020	14,770
2021 Series D	0.95% to 3.00%	2052	154,145	132,925
2021 Series E	0.55% to 1.25%	2027	15,695	9,450
2021 Series F	0.625% to 3.00%	2052	134,305	123,315
2021 Series G	0.75% to 2.40%	2033	22,690	21,170
2021 Series H	0.90% to 3.00%	2052	127,310	119,695
2021 Series I	1.24% to 2.77%	2035	25,000	19,625
2022 Series A	1.15% to 3.00%	2052	75,000	72,145
2022 Series B	1.57% to 2.57%	2031	24,990	20,395
2022 Series C	1.400% to 3.50%	2052	100,000	90,530
2022 Series D	Variable	2052	50,000	48,945
2022 Series E	2.868% to 4.707%	2041	100,000	94,120
2022 Series F	Variable	2052	50,000	50,000
2022 Series G	3.174% to 4.947%	2047	100,000	95,870
2022 Series H	Variable	2052	50,000	50,000
2022 Series I	2.60% to 5.00%	2053	40,000	38,210
2022 Series J	4.108% to 5.263%	2045	34,990	34,005
2022 Series K	Variable	2053	25,000	25,000
2022 Series L	3.80% to 5.350%	2036	24,290	24,055
2022 Series M	3.30% to 6.00%	2053	75,710	74,115
2022 Series N	4.890% to 6.345%	2053	50,000	48,670
2023 Series A	3.100% to 4.10%	2033	11,570	11,150
2023 Series B	2.65% to 5.750%	2053	55,420	55,150
2023 Series C	4.558% to 5.591%	2053	33,000	32,580
2023 Series D	2.80% to 5.50%	2053	60,000	59,445
2023 Series E	4.667% to 5.593%	2053	60,000	59,460

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 6 – Bonds, Notes and Line of Credit Payable (continued)

Series	Interest Rate	Final Maturity	Original Amount	Outstanding Amount
Residential Housing Finance Bonds (continued)				
2023 Series F	3.250% to 5.750%	2053	\$ 60,000	\$ 59,660
2023 Series G	5.194% to 5.575%	2053	90,000	88,650
2023 Series H	5.113% to 6.00%	2053	70,000	68,215
2023 Series I	Variable	2050	30,000	30,000
2023 Series J	5.241% to 6.00%	2054	130,000	128,875
2023 Series K	Variable	2050	20,000	20,000
2023 Series L	5.217% to 6.250%	2053	70,000	68,545
2023 Series M	Variable	2050	30,000	30,000
2023 Series N	3.875% to 4.750%	2034	10,995	10,995
2023 Series O	3.50% to 6.00%	2053	49,005	49,005
2023 Series P	5.380% to 4.750%	2048	60,000	59,770
2023 Series Q	Variable	2053	30,000	30,000
2023 Series R	6.25%	2054	48,750	48,750
2023 Series S	5.685% to 6.328%	2049	82,500	82,500
2023 Series T	Variable	2054	43,750	43,750
2023 Series U	5.742% to 6.500%	2054	48,750	48,275
2023 Series V	Variable	2050	26,250	26,250
2024 Series A	6.25%	2054	31,395	31,395
2024 Series B	4.853% to 5.960%	2051	73,605	73,410
2024 Series C	Variable	2054	20,000	20,000
2024 Series D	4.938% to 6.250%	2054	60,000	60,000
2024 Series E	Variable	2050	20,000	20,000
2024 Series F	3.800% to 4.600%	2051	11,125	11,125
2024 Series G	6.50%	2054	26,780	26,780
2024 Series H	5.145% to 5.850%	2050	62,095	62,095
2024 Series I	Variable	2054	25,000	25,000
2024 Series J	4.741% to 6.50%	2054	60,000	60,000
2024 Series K	Variable	2051	15,000	15,000
			<u>\$5,200,585</u>	<u>\$3,728,295</u>
Homeownership Finance Bonds				
2012 Series A	2.60%	2042	\$ 50,000	\$ 5,865
2012 Series B	2.25%	2042	75,000	12,429
2013 Series A	2.35%	2043	75,000	14,976
2013 Series B	2.70%	2041	85,149	11,411
2013 Series C	3.00%	2043	37,000	6,946
2014 Series A	3.00%	2044	38,527	3,213
2014 Series B	2.95%	2044	18,868	2,793
2014 Series C	3.25%	2044	13,663	2,023
2014 Series D	2.875%	2044	39,934	5,635
2015 Series A	2.80%	2045	60,013	12,270
2015 Series B	3.00%	2045	54,530	8,862

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 6 – Bonds, Notes and Line of Credit Payable (continued)

Series	Interest Rate	Final Maturity	Original Amount	Outstanding Amount
Homeownership Finance Bonds (continued)				
2015 Series C	3.05%	2045	\$ 40,226	\$ 6,307
2015 Series D	2.90%	2045	52,365	10,204
2016 Series A	2.95%	2046	97,274	21,564
2016 Series B	2.70%	2046	50,971	12,445
2016 Series C	2.33%	2046	35,390	9,054
2016 Series D	2.73%	2046	35,390	8,993
2016 Series E	2.35%	2046	35,495	9,575
2016 Series F	2.68%	2046	65,918	18,677
2016 Series G	2.30%	2046	20,445	6,711
2016 Series H	2.65%	2046	30,668	10,119
2017 Series A	2.93%	2047	24,966	6,528
2017 Series B	3.25%	2047	24,966	7,191
2017 Series C	3.08%	2047	23,904	7,772
2017 Series D	3.43%	2047	23,904	7,733
2017 Series E	2.85%	2047	39,283	9,964
2017 Series F	3.20%	2047	19,348	4,981
2017 Series G	2.65%	2047	84,998	23,585
2017 Series H	3.00%	2047	64,998	18,035
2017 Series I	2.80%	2047	69,238	21,471
2017 Series J	3.10%	2047	46,159	14,295
2018 Series A	3.30%	2048	38,247	11,618
2018 Series B	3.65%	2048	38,247	12,481
2018 Series C	3.30%	2048	30,326	9,707
2018 Series D	3.65%	2048	20,218	6,517
2018 Series E	3.45%	2048	47,757	11,952
2018 Series F	3.80%	2048	52,573	13,183
2018 Series G	3.75%	2048	31,784	9,129
2018 Series H	4.10%	2048	31,784	9,203
2018 Series I	3.60%	2049	22,971	5,873
2018 Series J	4.00%	2049	37,500	9,588
2019 Series A	3.45%	2049	35,630	9,590
2019 Series B	3.80%	2049	30,351	8,169
2019 Series C	3.15%	2049	13,728	4,982
2019 Series D	3.55%	2049	30,555	11,089
2019 Series E	3.25%	2049	45,949	12,608
2019 Series F	3.23%	2049	59,851	20,199
2019 Series G	3.02%	2049	90,295	38,067
2019 Series H	2.47%	2050	48,324	18,247
2020 Series A	2.50%	2050	43,964	26,196
2020 Series B	2.35%	2050	18,000	10,683
2020 Series C	2.45%	2050	37,979	22,413

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 6 – Bonds, Notes and Line of Credit Payable (continued)

<u>Series</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
<u>Homeownership Finance Bonds (continued)</u>				
2020 Series D	1.92%	2050	\$ 100,000	\$ 69,032
2020 Series E	1.68%	2050	40,067	30,231
2021 Series A	1.58%	2051	83,328	64,862
2021 Series B	1.93%	2051	49,022	36,907
2021 Series C	2.05%	2051	61,764	52,382
2021 Series D	2.05%	2051	50,768	44,661
2022 Series A	4.45%	2052	50,000	46,605
			<u>\$2,674,572</u>	<u>\$ 947,801</u>
<u>Multifamily Housing Bonds</u>				
2009	3.01%	2051	\$ 15,000	\$ 12,280
			<u>\$ 15,000</u>	<u>\$ 12,280</u>
<u>HOMESSM</u>				
2013 Series A-1	3.50%	2043	\$ 3,359	\$ 512
2013 Series B-1	3.00%	2043	24,471	2,989
2013 Series C-1	3.50%	2043	4,713	744
			<u>\$ 32,543</u>	<u>\$ 4,245</u>
<u>Drawdown Index Bonds</u>				
2018 Index Bank Note	Variable	2024	\$ -	\$ 17,348
			<u>\$ -</u>	<u>\$ 17,348</u>
<u>General Purpose Bonds</u>				
General Purpose Bonds	5.301% to 5.832%	2039	\$ 60,000	\$ 60,000
			<u>\$ 60,000</u>	<u>\$ 60,000</u>
Combined Totals (Bonds only), excluding state appropriation-backed bonds			\$8,063,040	\$4,849,514
Premium on Bonds, excluding state appropriation-backed bonds				41,697
Notes Payable				28,200
				<u>\$4,919,411</u>

The Agency uses special redemption provisions to retire certain bonds prior to their stated maturity from unexpended bond proceeds, if any, and revenues in excess of scheduled debt service resulting primarily from loan prepayments. Substantially all bonds are subject to optional redemption after various dates at an amount equal to 100% of the unpaid principal and accrued interest as set forth in the applicable series resolution.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 6 – Bonds, Notes and Line of Credit Payable (continued)

The following table summarizes the annual debt service requirements to maturity for bonds outstanding as of June 30, 2024, excluding optional calls known at June 30, 2024 (in thousands). The current portion of bonds payable reported in the statement of net position includes known optional calls as of June 30, 2024.

Fiscal Year	Rental Housing		Residential Housing Finance	
	Principal	Interest	Principal	Interest
2025	\$59,390	\$ 2,519	\$ 58,595	\$ 155,120
2026	5,830	781	71,655	159,054
2027	4,195	587	79,340	156,784
2028	165	501	76,990	154,254
2029	175	493	78,690	151,696
2030-2034	1,040	2,331	491,240	709,536
2035-2039	1,375	2,042	610,260	602,330
2040-2044	1,810	1,645	699,780	466,995
2045-2049	1,660	1,190	828,775	298,731
2050-2054	860	851	721,235	98,041
2055-2059	975	644	11,735	350
2060-2064	1,285	372	-	-
2065-2069	785	59	-	-
Total	<u>\$79,545</u>	<u>\$14,015</u>	<u>\$3,728,295</u>	<u>\$2,952,891</u>

Fiscal Year	Multifamily Housing		Homeownership Finance	
	Principal	Interest	Principal	Interest
2025	\$ 240	\$ 366	\$ -	\$ 25,533
2026	240	359	-	25,533
2027	240	352	-	25,533
2028	330	344	-	25,533
2029	350	333	-	25,533
2030-2034	1,800	1,504	-	127,665
2035-2039	2,070	1,224	-	127,665
2040-2044	2,440	877	51,627	125,536
2045-2049	2,990	467	403,082	97,699
2050-2054	1,580	57	493,092	19,496
Total	<u>\$12,280</u>	<u>\$ 5,883</u>	<u>\$ 947,801</u>	<u>\$ 625,726</u>

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 6 – Bonds, Notes and Line of Credit Payable (continued)

Fiscal Year	HOMES SM		DDIB/IBN & General Purpose	
	Principal	Interest	Principal	Interest
2025	\$ -	\$ 134	\$ 18,743	\$ 3,133
2026	-	133	2,905	3,253
2027	-	134	3,055	3,098
2028	-	134	3,210	2,934
2029	-	134	3,380	2,761
2030-2034	-	668	19,885	10,778
2035-2039	-	668	26,170	4,374
2040-2044	4,245	557	-	-
2045-2049	-	-	-	-
2050-2054	-	-	-	-
2055-2059	-	-	-	-
2060-2064	-	-	-	-
2065-2069	-	-	-	-
Total	\$ 4,245	\$ 2,562	\$ 77,348	\$ 30,331

Combined Totals		
Fiscal Year	Principal	Interest
2025	\$ 136,968	\$ 186,805
2026	80,630	189,113
2027	86,830	186,488
2028	80,695	183,700
2029	82,595	180,950
2030-2034	513,965	852,482
2035-2039	639,875	738,303
2040-2044	759,902	595,610
2045-2049	1,236,507	398,087
2050-2054	1,216,767	118,445
2055-2059	12,710	994
2060-2064	1,285	372
2065-2069	785	59
Total	\$4,849,514	\$3,631,408

Residential Housing Finance Bonds Series 2015 Series D and 2015 Series G; 2016 Series F; 2017 Series C and 2017 Series F; 2018 Series D and 2018H; 2019 Series D and 2019 Series H; 2022 Series D, 2022 Series F, 2022 Series H, 2022 Series K; 2023 Series I, 2023 Series K, 2023 Series M, 2023 Series Q, 2023 Series T and 2023 Series V; 2024 Series C, 2024 Series E, 2024 Series I and 2024 Series K; (collectively, the Demand bonds) accrue interest at rates that change weekly as determined by a remarketing agent for such series based on market conditions. Effective December 29, 2023, the 2018 Index Bank Note accrues interest at a rate equal to SOFR (Secured Overnight Financing Rate) Index plus 0.65%. Future interest due for these bonds, as displayed above in the annual debt service requirements table, assumes that the respective rates in effect on June 30, 2024, continue for the term of the bonds. Variable rate bond interest payments will vary as general short-term interest rates vary. Associated interest rate swaps are not included in the annual debt service requirements table. See the Swap Payments and Associated Debt table below to view those amounts.

The income and assets of each of the bond funds, except for the HOMESSM fund, are pledged on a parity basis for the payment of principal and interest on the bonds issued, and to be issued, under the respective resolutions. All but one

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 6 – Bonds, Notes and Line of Credit Payable (continued)

of the bond resolutions contains covenants that require the Agency to maintain certain reserves. The Agency believes that as of June 30, 2024, it is in compliance with those covenants in all material respects and the assets of all funds and accounts in the bond funds equaled or exceeded the requirements as established by the respective bond resolutions.

Call notices were issued on or before June 30, 2024, for the redemption of certain bonds thereafter. See Subsequent Events.

On June 30, 2024, the Agency had in place a revolving line of credit with the Federal Home Loan Bank of Des Moines with an outstanding balance of \$25.0 million. Draws against the line of credit are required to be collateralized with mortgage-backed securities which reside in Pool 2.

On June 30, 2024, the Agency had in place a revolving line of credit with the Royal Bank of Canada (RBC) of \$40.0 million with an outstanding balance of \$3.2 million. The line of credit is secured by a general obligation pledge and can be used (1) to finance the purchase of mortgage-backed securities prior to the issuance of bonds under the Residential Housing Finance Bond Resolutions and/or the Homeownership Finance Bond Resolution and (2) to finance certain multifamily mortgage loans during the period between loan closing and purchase by the US Treasury's Federal Financing Bank

Note 7 – Demand Bonds

The Demand bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with seven days' notice and delivery to the Agency's remarketing agent. The remarketing agent is authorized to use its best efforts to sell the bonds at a price equal to 100 percent of the principal amount. In the event the remarketing agent does not sell the bonds, the liquidity provider has agreed to purchase the bonds at a price equal to principal plus accrued interest. While held by the liquidity provider the bonds bear interest at a bank rate.

If the remarketing agent is unable to resell bonds purchased by the liquidity provider within one year of the purchase date the principal amount of these bonds together with interest at a bank rate will be payable to the liquidity provider in quarterly or semiannual installments payable over a five-year period that begins on the purchase date.

If the conditions of the preceding sentence are satisfied on such Term-Out Commencement Date, such Bank Bonds shall be subject to mandatory redemption in equal semiannual principal installments, the first such installment being payable on the first Business Day of the calendar month occurring at least 366 days after the Purchase Date (the "Term Out Commencement Date"), and on each six month anniversary thereafter so that such Bank Bonds are paid in full no later than the day that is the fifth anniversary of such Purchase Date (the date of each such redemption being a "Bank Bond Redemption Date").

FHLB payments are to be quarterly instead of semiannual.

Each Bank Bond subject to a Term Out Period, and the accrued interest thereon, shall be paid by or on behalf of the Issuer upon the occurrence of any of the events set forth in Section 3.1(a)(i) through and including Section 3.1(a)(v) above and shall, in addition thereto but subject to the sources described in Section 2.12 hereof, be repaid by or on behalf of the Issuer in equal quarterly payments of principal, the first of which will occur on the first Business Day on or following the 366th day after the Purchase Date and on the first Business Day of each third month thereafter so that such Bank Bonds are paid in full no later than the fifth (5th) anniversary of the Purchase Date.

The Agency is required to pay each liquidity provider a fee ranging from 0.20 to 0.29 percent per annum of the liquidity provider's available commitment (the outstanding principal amount of the bonds and approximately six months interest on the bonds at the rate of 12% per annum).

The Agency has paid \$1.565 million to the liquidity providers for fiscal year 2024.

In addition, each remarketing agent receives a fee ranging from 0.060 to 0.1 percent of the outstanding principal amount of the bonds. The Agency has paid a fee of \$0.460 million to the remarketing agents for fiscal year 2024.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 7 – Demand Bonds (continued)

As of June 30, 2024, the following demand bonds were outstanding:

Variable Rate Series	Principal Amount Outstanding at par	Liquidity Facility Maturity- SBPA¹	Liquidity Fee	Remarketing Agent Fee
Residential Housing Finance Series 2015D	\$ 13,460,000	8/11/2027	0.230%	0.100%
Residential Housing Finance Series 2015G	27,710,000	11/17/2027	0.230%	0.100%
Residential Housing Finance Series 2016F	36,800,000	1/2/2027	0.260%	0.100%
Residential Housing Finance Series 2017C	30,430,000	7/19/2029	0.290%	0.100%
Residential Housing Finance Series 2017F	31,865,000	11/17/2027	0.230%	0.100%
Residential Housing Finance Series 2018D	19,625,000	6/30/2028	0.230%	0.070%
Residential Housing Finance Series 2018H	28,820,000	6/30/2028	0.230%	0.070%
Residential Housing Finance Series 2019D	32,425,000	6/29/2029	0.260%	0.100%
Residential Housing Finance Series 2019H	40,840,000	7/11/2029	0.290%	0.070%
Residential Housing Finance Series 2022D	48,945,000	3/16/2027	0.230%	0.070%
Residential Housing Finance Series 2022F	50,000,000	5/12/2027	0.230%	0.070%
Residential Housing Finance Series 2022H	50,000,000	7/7/2025	0.210%	0.070%
Residential Housing Finance Series 2022K	25,000,000	9/29/2025	0.210%	0.070%
Residential Housing Finance Series 2023I	30,000,000	7/27/2026	0.250%	0.070%
Residential Housing Finance Series 2023K	20,000,000	8/24/2028	0.260%	0.070%
Residential Housing Finance Series 2023M	30,000,000	9/14/2028	0.250%	0.070%
Residential Housing Finance Series 2023Q	30,000,000	10/12/2028	0.250%	0.070%
Residential Housing Finance Series 2023T	43,750,000	11/30/2026	0.250%	0.070%
Residential Housing Finance Series 2023V	26,250,000	12/14/2026	0.250%	0.070%
Residential Housing Finance Series 2024C	20,000,000	2/8/2027	0.200%	0.070%
Residential Housing Finance Series 2024E	20,000,000	3/28/2027	0.230%	0.070%
Residential Housing Finance Series 2024I	25,000,000	5/1/2028	0.230%	0.070%
Residential Housing Finance Series 2024K	15,000,000	5/30/2028	0.230%	0.070%
Combined Totals	<u>\$695,920,000</u>			

¹ SBPA-Standby Purchase Agreement

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps

Floating Rate Term Bonds

On July 3, 2023, the Agency remarketed 2018 Series D and 2018 Series H bonds as Demand bonds and entered into a liquidity facility, expiring June 30, 2028, and a remarketing agreement with respect to each series of the bonds.

Derivative Instruments – Interest Rate Swaps

The Agency has entered into certain interest rate swap agreements that are considered to be fair value derivative instruments under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, GASB 53. A consultant was engaged by the Agency to determine the fair value of these agreements and to evaluate their effectiveness as hedges as of June 30, 2024. The fair values approximate the termination payments that would have been due from the Agency, or payable to the Agency, had the swaps been terminated as of June 30, 2024. Under GASB 53, instruments, in whole or in part, such as interest rate swaps and similar transactions that fall under the definition

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps (continued)

of derivative instruments must be reported on the statement of net position, the classification of which depends on whether they represent assets or liabilities, and derivative instruments generally should be measured at "fair value". Fair values were determined pursuant to GASB 72. The fair value hierarchy of interest rate swap agreements is determined to be level 2. The fair values exclude accrued interest. As of June 30, 2024, all of the Agency's interest rate swap agreements have been determined to be effective hedges, as defined by GASB 53. The fair value is displayed on the statement of net position as asset named "interest rate swap agreements." The inception-to-date change in fair value as of June 30, 2024, is included under deferred outflows of resources as "deferred loss on interest rate swap agreements," or under deferred inflows of resources as "deferred gain on interest rate swap agreements."

Objective of Swaps

The Agency entered into interest rate swap agreements in connection with its issuance of variable rate mortgage revenue bonds under the Residential Housing Finance Bond Resolution from 2003 through 2009, 2015 through 2019, and 2022 through 2024. Using variable-rate debt hedged with interest-rate swaps reduced the Agency's cost of capital at the time of issuance compared to using long-term fixed rate bonds and, in turn, enabled the Agency to reduce mortgage rates offered to the Agency's low- and moderate-income, first-time home buyers.

Swap Payments and Associated Debt

Using rates as of June 30, 2024, debt service requirements of the Residential Housing Finance outstanding variable rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows (in thousands). As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year	Principal	Interest	Interest Rate Swaps, Net	Total
2025	\$ 2,755	\$ 31,942	\$ (7,067)	\$ 27,630
2026	-	33,227	(7,451)	25,776
2027	-	33,226	(7,437)	25,789
2028	-	33,227	(7,497)	25,730
2029	3,110	33,189	(7,585)	28,714
2030-2034	69,220	160,077	(34,513)	194,784
2035-2039	104,155	143,355	(26,632)	220,878
2040-2044	99,770	123,299	(18,065)	205,004
2045-2049	192,230	92,539	(10,220)	274,549
2050-2054	219,900	28,804	367	249,071
2055-2059	4,780	127	9	4,916
Totals	<u>\$695,920</u>	<u>\$713,012</u>	<u>\$(126,091)</u>	<u>\$1,282,841</u>

Terms of Swaps

Terms of the swaps, the fair values, changes in fair values, and the credit ratings of the four counterparties thereto as of June 30, 2024, are contained in the four tables below (in thousands). All swaps are pay-fixed, receive-variable. Initial swap notional amounts matched original principal amounts of the associated debt except for 2022D and 2022F. The Agency's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximate scheduled or anticipated reductions in outstanding principal amounts of the associated bond series. With respect to the outstanding swaps the Agency has also purchased the right, generally based upon a 300% PSA prepayment rate (The Standard Prepayment Model of The Securities Industry and Financial Markets Association and formerly the Public Securities Association) on the underlying mortgage loans, to further reduce the notional balances of the swaps as necessary to match the outstanding principal amount of the associated bond series and the right to terminate the swaps

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps (continued)

at par at approximately the 7-year anniversary date for the 2015D, 2015G, 2016F, 2017C, 2023M, 2023Q, 2023T, 2023V, 2024C, 2024E, 2024I and 2024K swaps, the 5-year anniversary date for the 2017F, 2018D, 2018H, 2019D, 2019H and 2023K swaps and the 9-year anniversary date for the 2022D, 2022F, 2022H and 2022K swaps. The Agency also has the right to terminate outstanding swaps in whole or in part at fair value at any time if it is not in default thereunder:

Counterparty: The Bank of New York Mellon

Moody's* Aa2 (Positive outlook) / Standard & Poor's** AA- (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2024 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value ¹ as of June 30, 2024 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2023 (in thousands)
RHFB 2018D	\$ 19,625	June 28, 2018	January 1, 2045	3.1875%	70% of SOFR ⁴ + 0.51014%	\$ 1,679	\$ 531
RHFB 2019H	40,840	September 11, 2019	January 1, 2047	2.1500%	100% SOFR ⁴ + 0.11448%	10,121	687
RHFB 2022D	25,000	March 16, 2022	January 1, 2044	2.2050%	100% 1D SOFR ⁴	5,164	707
RHFB 2022F	10,000	May 12, 2022	July 1, 2030	2.5100%	100% 1D SOFR ⁴	945	75
RHFB 2022F	25,000	May 12, 2022	July 1, 2052	3.2375%	100% 1D SOFR ⁴	4,377	1,855
RHFB 2023I	30,000	July 26, 2023	January 1, 2050	4.5450%	100% SOFR ⁴ + 0.11448%	1,958	2,437
RHFB 2023K	20,000	August 24, 2023	July 1, 2050	4.8975%	100% SOFR ⁴ + 0.11448%	1,159	1,159
RHFB 2023Q	30,000	October 12, 2023	January 1, 2048	4.8775%	100% SOFR ⁴ + 0.11448%	494	494
Counterparty Total	<u>\$200,465</u>					<u>\$25,897</u>	<u>\$7,945</u>

Counterparty: Royal Bank of Canada

Moody's* Aa1 (Stable outlook) / Standard & Poor's** AA- (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2024 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value ¹ as of June 30, 2024 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2023 (in thousands)
RHFB 2015D	\$ 13,460	August 11, 2015	January 1, 2046	2.343%	67% of SOFR ⁴ + 0.07670%	\$ 1,383	\$ 467
RHFB 2015G	27,710	December 8, 2015	January 1, 2034	1.953%	67% of SOFR ⁴ + 0.07670%	1,881	144
RHFB 2016F	36,800	December 22, 2016	January 1, 2041	2.175%	67% of SOFR ⁴ + 0.07670%	3,044	371
RHFB 2018H	28,820	December 12, 2018	July 1, 2041	2.8035%	70% of SOFR ⁴ + 0.08014%	1,643	418
RHFB 2019D	32,425	April 11, 2019	January 1, 2042	2.409%	70% of SOFR ⁴ + 0.08014%	2,779	525
RHFB 2022H	50,000	October 1, 2022	January 1, 2049	3.740%	100% 1D SOFR ⁴	6,139	3,242
RHFB 2022K	25,000	September 29, 2022	July 1, 2053	4.178%	100% 1D SOFR ⁴	2,538	1,921
RHFB 2023M	30,000	September 14, 2023	January 1, 2050	4.846%	100% SOFR ⁴ + 0.11448%	488	(129)
Counterparty Total	<u>\$244,215</u>					<u>\$19,895</u>	<u>\$6,959</u>

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps (continued)

Counterparty: Wells Fargo Bank

Moody's* Aa1 (Negative outlook) / Standard & Poor's** A+ (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2024 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value ¹ as of June 30, 2024 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2023 (in thousands)
RHFB 2017C	\$ 30,430	January 1, 2019	January 1, 2038	2.180%	67% of SOFR ⁴ + 0.07670%	\$ 2,156	\$ 282
RHFB 2017F	31,865	December 27, 2017	January 1, 2041	2.261%	67% of SOFR ⁴ + 0.07670%	2,658	579
Counterparty Total	<u>\$ 62,295</u>					<u>\$ 4,814</u>	<u>\$ 861</u>

Counterparty: Bank of America

Moody's* Aa1 (Negative outlook) / Standard & Poor's** A+ (Stable outlook)

Associated Bond Series	Notional Amount as of June 30, 2024 (in thousands)	Effective Date	Swap Maturity Date	Fixed Rate Payable	Variable Rate Receivable	Fair Value ¹ as of June 30, 2024 (in thousands)	Increase (Decrease) in Fair Value since June 30, 2023 (in thousands)
RHFB 2023T	\$ 43,750	November 30, 2023	January 1, 2054	5.062%	100% SOFR ⁴ + 0.11448%	\$ 137	\$ 137
RHFB 2023V	26,250	December 13, 2023	July 1, 2050	5.084%	100% SOFR ⁴ + 0.11448%	2	2
RHFB 2024C	20,000	February 8, 2024	January 1, 2054	4.693%	100% SOFR ⁴ + 0.11448%	607	607
RHFB 2024E	20,000	March 28, 2024	January 1, 2050	4.623%	100% SOFR ⁴ + 0.11448%	588	588
RHFB 2024I	25,000	May 1, 2024	July 1, 2054	4.991%	100% SOFR ⁴ + 0.11448%	257	257
RHFB 2024K	15,000	May 30, 2024	January 1, 2051	4.932%	100% SOFR ⁴ + 0.11448%	113	113
RHFB 2024N	-	July 2, 2024 ³	January 1, 2055	5.011%	100% SOFR ⁴ + 0.11448%	145	145
Counterparty Total	<u>\$150,000</u>					<u>\$ 1,849</u>	<u>\$ 1,849</u>
Accrued Interest Total ²						<u>\$ (3,998)</u>	
Combined Totals	<u>\$656,975</u>					<u>\$48,457</u>	<u>\$17,614</u>

¹ A positive fair value represents money due to the Agency by the counterparty upon an assumed termination of the swap while a negative fair value represents the amount payable by the Agency.

² Accrued interest is included in the Statement of Net Position under Swap Interest Payable.

³ Trade date for a notional amount to be \$40,000,000 is June 11, 2024.

⁴ Secured Overnight Financing Rate

* Moody's Investor Service Inc.

** Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps (continued)

Termination Risk

The swap contracts may be terminated by either party if the other party fails to perform under the terms of the contract or upon certain termination events. Upon termination at market, a payment is due by one party based upon the fair value of the swap even if the payment is owed to a defaulting party. The potential termination risks to the Agency are the liability for a termination payment to the counterparty or the inability to replace the swap upon favorable financial terms, in which event the variable rate bonds would no longer be hedged. To reduce the risk of termination, swap contracts generally limit counterparty terminations to the following Agency actions or events: payment default, other defaults that remain uncured for 30 days after notice, substantial impairment of credit ratings, bankruptcy, and insolvency.

Credit Risk

A swap potentially exposes the Agency to credit risk with the counterparty. The fair value of a swap represents the Agency's current potential credit exposure to the swap counterparty assuming the occurrence of a termination event. As of June 30, 2024, the Agency did not have a net credit risk exposure to any of its four counterparties because the Agency's respective combined swap positions to each counterparty had a positive net fair value, as set forth in the foregoing tables. Each of the swap agreements requires 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 threshold for each counterparty and the Agency is \$50 million if the ratings on the unsubordinated, unsecured long-term indebtedness of the counterparty, in the case of the counterparty, or the hedged bonds, in the case of the Agency, are not less than "AA-" and "Aa3" from Standard & Poor's and Moody's, respectively, \$5 million if the ratings are not less than "A+" and "A1", \$5 million if the ratings are not less than "A" and "A2", and \$0, if either rating is lower. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2024, neither the Agency nor any counterparty had been required to post collateral.

Amortization Risk

The Agency is subject to amortization risk because prepayments from the mortgage loan portfolio may cause the outstanding principal amount of variable rate bonds to decline faster than the amortization of the notional amount of the swap. To ameliorate amortization risk, termination options were structured within most of the outstanding swaps to enable the Agency to manage the outstanding balances of variable rate bonds and notional swap amounts. (See *Terms of Swaps*.) Additionally, the Agency may terminate outstanding swaps in whole or in part at fair value at any time if it is not in default thereunder.

Basis Risk

The potential for basis risk exists when variable interest payments on the Agency's bonds do not equal variable interest receipts payable by the counterparty under the associated swap. The variable rate the Agency pays on its bonds resets weekly, but the variable rate received on its swaps was based upon a specified percentage of the one-month taxable LIBOR, or the Secured Overnight Financing Rate (SOFR), plus, in some cases, a specified spread. Upon the cessation of LIBOR on June 30, 2023, the variable rate received by the Agency on all of its swaps with a LIBOR-based rate was converted to a rate based on a percentage of SOFR plus, in some cases, a specified spread. Basis risk will vary over time due to inter-market conditions. As of June 30, 2024, the interest rate on the Agency's variable rate tax-exempt debt ranged from 3.85% to 3.90% per annum while the variable interest rate on the associated swaps ranged from 3.65% to 3.74% per annum, and the interest rate on the Agency's variable rate taxable debt ranged from 5.35% to 5.40% while the variable interest rate on the associated swaps ranged from 5.34% to 5.45%.

In order to reduce the cumulative effects of basis risk on the swaps relating to tax-exempt variable rate debt, each of which were entered into prior to the cessation of LIBOR, the determination of the spread from one-month LIBOR payable by the counterparty under the swap was based upon a regression analysis of the long-term relationship between one-month LIBOR and the tax-exempt variable rate SIFMA index (which ordinarily would approximate the weekly variable rate

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 8 – Floating Rate Term Bonds and Derivative Instruments – Interest Rate Swaps (continued)

on the Agency's tax-exempt variable rate bonds. The structure of the variable interest rate payments the Agency receives from its LIBOR based swap contracts, converted to SOFR based swap contracts, relating to tax-exempt variable rate bonds was based upon the historical long-term relationship between taxable and tax-exempt short-term interest rates. The Agency is exposed to interest rate risk on its interest rate swaps. If SOFR increases, the Agency's net payment on the swap increases. Alternatively, as SOFR or the SIFMA swap index decreases, the Agency's net payment on the swap increases.

Tax Risk

The structure of the variable interest rate payments the Agency receives from its SOFR-based swap contracts relating to tax-exempt variable rate bonds was based upon the historical long-term relationship between taxable and tax-exempt short-term interest rates. Tax risk represents the risk that may arise due to a change in the tax code that may fundamentally alter this relationship. The Agency chose to assume this risk at the time the swaps were entered into because it was not economically favorable to transfer that risk to the swap counterparties.

The Agency has entered into forward sales contracts for the future delivery of GNMA, FNMA and FHLMC securities. The contracts offset the financial impact to the Agency of changes in interest rates between the time of loan reservations and the securitization and sale of such loans as GNMA, FNMA and FHLMC securities. These contracts are considered investment derivative instruments and, accordingly, are recorded as a component of investments in the Statement of Net Position. Therefore, the change in value is reported as net appreciation (depreciation) in fair value on investments. Outstanding forward sales contracts, summarized by counterparty as of June 30, 2024, are as follows: (in thousands):

Note 9 – Derivative Instruments – Forward Sales Contracts

	Counter Party Short-term Rating	Number of Contracts	Notional Amount	Original Price	Market Price	Fair Value
Bank of Oklahoma	A-2*/F1**	1	\$ 5,000	\$ 5,053	\$ 5,078	\$ (25)
Daiwa	A-2*/F1**	7	38,500	39,081	39,383	(302)
SouthState/DuncanWilliams	A-1*/F1+**	1	5,000	5,096	5,105	(9)
Huntington Securities	Not rated*/F1**	2	12,000	12,158	12,198	(39)
Janney Montgomery Scott	Not Rated*/Not Rated**	6	33,000	33,507	33,667	(160)
MultiBank Securities	A-1*/F1+**	3	18,000	18,437	18,495	(58)
South Street Securities	A-1*/F1+**	10	47,000	47,643	47,846	(202)
Texas Capital Securities	A-1*/F1+**	4	23,000	23,374	23,475	(101)
		<u>34</u>	<u>\$181,500</u>	<u>\$184,349</u>	<u>\$185,247</u>	<u>\$(898)</u>

* Standard and Poor's Rating Services Inc.

** Fitch Ratings, Ltd

The To Be Announced (TBA) trades mitigate the interest-rate risk exposure of the mortgage loan pipeline.

Note 10 – State Appropriation-Backed Debt Obligation

The Agency has outstanding bonds under two indentures of trust that permit capital funding for loans for permanent supportive housing for long-term homeless households, preservation of federally assisted housing and other purposes. As of June 30, 2024, \$448.8 million of bonds were outstanding. This debt is not a general obligation of the Agency and is not payable from any funds or assets of the Agency including any loan repayments. These bonds are payable solely from the appropriations the Agency receives from the State of Minnesota General Fund pursuant to standing appropriations made by the Legislature as authorized by state laws adopted in 2008, 2012, 2014, 2015, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 10 – State Appropriation-Backed Debt Obligation (continued)

State Appropriation-backed Bonds at June 30, 2024, consisted of the following (in thousands):

Series	Interest Rate	Final Maturity	Original Amount	Outstanding Amount
<u>State Appropriated</u>				
2009 Series	3.50% to 4.00%	2029	\$ 13,270	\$ 4,385
2011 Series	5.00% to 5.25%	2031	21,750	11,525
2013 Series AB	3.50% to 5.00%	2033	15,460	8,480
2014 Series AB	3.125% to 5.00%	2035	14,540	10,355
2015 Series A	2.30% to 5.00%	2035	37,570	22,695
2015 Series C	3.25% to 5.00%	2037	31,095	24,450
2016 Series AC	2.00% to 4.00%	2038	18,625	13,805
2017 Series A	3.00% to 5.00%	2037	12,690	9,945
2018 Series ABCD	3.00% to 5.00%	2040	25,295	19,945
2019 Series ABCD	2.00% to 5.00%	2041	26,775	23,090
2020 Series ABCD	3.00% to 4.00%	2043	108,280	99,355
2021 Series ABCD	3.00% to 5.00%	2043	76,970	72,675
2022 Series ABC	4.00% to 5.00%	2044	104,195	101,440
2023 Series AB	4.00% to 5.00%	2044	26,635	26,635
Bonds payable			\$533,150	\$448,780
Premium on Bonds Payable				44,497
Bonds Payable, Net				<u>\$493,277</u>

State appropriation-backed bond debt service requirements at June 30, 2024, consisted of the following (in thousands):

Fiscal Year	<u>State Appropriated</u>	
	Principal	Interest
2025	\$ 18,055	\$ 19,247
2026	18,830	18,464
2027	19,710	17,605
2028	20,595	16,707
2029	21,510	15,800
2030-2034	118,165	63,590
2035-2039	126,440	35,666
2040-2044	99,150	11,154
2045-2049	6,325	136
Total	<u>\$448,780</u>	<u>\$198,369</u>

As the issuer of the state appropriation-backed debt, the Agency is required to record these bonds as bonds payable with the correlating reduction in net position.

As of fiscal 2024, the Agency recorded the Nonprofit Housing Bonds and Housing Infrastructure Bonds as bonds payable in State Appropriated. These are bonds backed solely by appropriations from the State of Minnesota. The premium income and finance costs associated with the HIB bonds are now recorded when incurred and amortized. The proceeds that have

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 10 – State Appropriation-Backed Debt Obligation (continued)

not yet been disbursed and investment income on the proceeds are recorded in cash equivalents and will be reported as other program expense when disbursed. Debt service appropriated by the state is recorded in the appropriations received account.

Note 11 – Conduit Debt Obligation

On December 21, 2005, the Agency issued tax-exempt bonds on a conduit basis to assist a Minnesota nonprofit organization in preserving assisted elderly rental housing. The proceeds of the bonds were used by the organization to refinance certain HUD Section 202 elderly housing projects. The bonds were sold on a private placement basis. As of June 30, 2024, \$19.435 million of the bonds were outstanding.

On March 1, 2016, the Agency issued a long-term tax-exempt multifamily revenue note on a conduit basis that was purchased by Freddie Mac under their Tax-Exempt Loan Program. The proceeds of the sale were lent to the owner to pay for a portion of the costs of the acquisition, construction, and equipping of a multifamily senior rental housing development. As of June 30, 2024, \$19.538 million of the bonds were outstanding.

On April 20, 2016, and May 11, 2016, the Agency issued long-term tax-exempt multifamily revenue notes on a conduit basis that was purchased by Freddie Mac under their Tax Exempt Loan Program. The proceeds of the sales were lent to the owner to pay for a portion of the costs of the acquisition and rehabilitation of three HUD Section 8 multifamily housing developments. As of June 30, 2024, \$29.082 million of the bonds were outstanding.

On December 28, 2017, the Agency issued long-term conduit tax-exempt revenue bonds and a short-term conduit tax exempt revenue note. The proceeds of the sales were used to finance the acquisition, rehabilitation and equipping of two multi-family rental housing development projects that will preserve units with federal rental assistance. As of June 30, 2024, \$4.885 million of bonds were outstanding.

The total outstanding conduit debt as of June 30, 2024, was \$72.940 million.

Neither the Agency, the State of Minnesota, nor any political subdivision thereof is obligated in any manner for repayment of these conduit bonds. The obligation of the Agency to pay principal of, prepayment premium, if any, and interest on the conduit bonds are not and never will become general obligations of the Agency but are special limited obligations of the Agency payable solely from payments required to be made by the private entity owners of the housing developments and secured solely by a pledge of the revenues of, and a security interest in, the housing developments financed by the conduit bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Note 12 – Accounts Payable and Other Liabilities

Accounts payable and other liabilities at June 30, 2024, consisted of the following (in thousands):

Funds	Salaries, Compensated Absences and Employee Benefits	Arbitrage Payable	FFB Loans Liability	Other Liabilities and Accounts Payable	Total
General Reserve Account	\$5,569	\$ -	\$ -	\$ 1,066	\$ 6,635
Rental Housing	-	-	-	1,739	1,739
Residential Housing Finance	-	202	64,326	1,617	66,145
Homeownership Finance	-	-	-	51	51
State Appropriated	-	3,893	-	2,850	6,743
Federal Appropriated	-	-	-	4,162	4,162
Combined Totals	<u>\$5,569</u>	<u>\$4,095</u>	<u>\$64,326</u>	<u>\$11,485</u>	<u>\$85,475</u>

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 12 – Accounts Payable and Other Liabilities (continued)

FFB loans have interest rates that fluctuate based on the daily Treasury rate. The Agency settles with FFB one month after closing the loan with the borrower, and the term will match the maturity date of the note. The FFB notes are secured by a first mortgage and HUD Risk Share insurance. FFB receives a passthrough monthly principal and interest payments.

FFB purchases 100% undivided participation interests in payments of principal and a portion of the interest on certain mortgage loans made by Minnesota Housing. All underlying loans are secured by a mortgage and insured by FHA Risk Share mortgage insurance. FFB sets the pass through interest rate offered to Minnesota Housing based on the amortization schedule, first payment date, and maturity date of the underlying loan.

The balance and changes in FFB other liabilities for the years ended June 30, 2024, and 2023 (dollars in thousands):

	2024	2023
Beginning of year balance	\$59,158	\$60,211
FFB Notes Issued	6,281	-
Principal Payments	(1,113)	(1,053)
End of year Balance	<u>\$64,326</u>	<u>\$59,158</u>
Current Portion	\$ 1,226	\$ 1,101
Noncurrent portion	63,100	58,057
Total	<u>\$64,326</u>	<u>\$59,158</u>

The table below provides a summary of FFB payment requirements for the next five years and in five year increments thereafter (dollars in thousands):

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 1,226	\$ 2,914	\$ 4,140
2026	1,282	2,858	4,140
2027	1,341	2,799	4,140
2028	1,403	2,737	4,140
2029	1,467	2,673	4,140
2030-2034	8,411	12,288	20,699
2035-2039	10,404	10,175	20,579
2040-2044	12,650	7,578	20,228
2045-2049	12,594	4,605	17,199
2050-2054	9,016	2,001	11,017
2055-2059	4,119	506	4,625
2060-2064	413	11	424
Total	<u>\$64,326</u>	<u>\$51,145</u>	<u>\$115,471</u>

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 13 – Lease and Subscription Liability and Rollforward

Principal and interest payments due for the remaining lease arrangement as of June 30, 2024, consisted of the following:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$1,437	\$222	\$1,659
2026	1,550	144	1,694
2027	1,656	62	1,718
2028	284	2	286
	<u>\$4,927</u>	<u>\$430</u>	<u>\$5,357</u>

Principal and interest payments due for the remaining subscription arrangement as of June 30, 2024, consisted of the following:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$ 424	\$ 8	\$ 432
2026	414	6	420
2027	405	3	408
2028	370	2	372
2029	310	1	311
	<u>\$1,923</u>	<u>\$20</u>	<u>\$1,943</u>

Summary of Long-Term Liability Rollforward Schedule for the year ended June 30, 2024, is as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Due in FY25 Balance
Governmental activities:					
Lease Liability	\$6,260	\$ -	\$1,333	\$4,927	\$1,437
Subscription Liability	2,668	177	922	1,923	424
Total liabilities	<u>\$8,928</u>	<u>\$177</u>	<u>\$2,255</u>	<u>\$6,850</u>	<u>\$1,861</u>

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 14 – Interfund Balances and Transfers

Interfund balances displayed as Interfund Payable (Receivable) at June 30, 2024, consisted of the following (in thousands):

	Due from								
	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance	Multifamily Housing	HOMES SM	State Appropriated	Federal Appropriated	Total
Funds									
General Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$5,216	\$1,777	\$ 6,993
Rental Housing	-	-	17,301	-	-	-	-	-	17,301
Residential Housing Finance	5,264	-	-	-	-	-	-	-	5,264
Homeownership Finance	-	-	5,044	-	-	-	-	-	5,044
Agency-wide Totals	<u>\$5,264</u>	<u>\$ -</u>	<u>\$22,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,216</u>	<u>\$1,777</u>	<u>\$34,602</u>

All balances resulted from the time lag between the dates that: (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers recorded in non-operating transfer of assets between funds for the year ended June 30, 2024, consisted of the following (in thousands):

	Transfer from								
	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance	Multifamily Housing	HOMES SM	State Appropriated	Federal Appropriated	Total
Funds									
General Reserve	\$ -	\$ -	\$ 561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 561
Rental Housing	-	-	175	-	-	-	-	-	175
Residential Housing Finance	23,889	-	-	-	-	-	-	-	23,889
Agency-wide Totals	<u>\$23,889</u>	<u>\$ -</u>	<u>\$ 736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$24,625</u>

Interfund transfers recorded in non-operating transfer of assets between funds normally result from bond sale contributions to new debt issues in other funds, the transfer of assets to maintain Pool 1 requirement and periodic transfers from the bond funds of assets in excess of bond resolution requirements.

Note 15 – Net Position

Restricted by Bond Resolution

The restricted by bond resolution portion of net position represents those funds restricted within the respective bond resolution due to the specific provisions of the bond resolutions.

Restricted by Covenant

In accordance with provisions of the respective bond resolutions, the Agency may transfer excess money from bond funds to General Reserve. The Agency has pledged to deposit in General Reserve any such funds transferred from the bond funds, except for any amounts as may be necessary to reimburse the state for money appropriated to restore a deficiency in any debt service reserve fund. The Agency further covenanted that it will use the money in General Reserve (or any such transferred funds deposited directly in the Alternative Loan Fund) only for the administration and financing of programs in accordance with the policy and purpose of Minnesota Housing's enabling legislation, including reserves for the payment of bonds 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. All interfund transfers are approved by the Board of the Agency.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 15 – Net Position (continued)

In order to provide financial security for the Agency's general obligation bonds, and to provide additional resources for housing loans to help meet the housing needs of low- and moderate-income Minnesota residents, the Agency's Board adopted investment guidelines. These guidelines are periodically evaluated in consideration of changes in the economy and in the Agency's specific risk profile.

The \$560.5 million restricted by covenant portion of net position is restricted by a covenant made with bondholders authorized by the Agency's enabling legislation. Pool 1 is maintained in the restricted by covenant portion of net position of the General Reserve. Pool 2 and Pool 3 are maintained in the restricted by covenant portion of net position of the Residential Housing Finance fund.

The combined net position of the General Reserve and bond funds (exclusive of Pool 3, accumulated unrealized gains/losses on investments, and realized gains/losses in sale of investments between Agency funds) is required by Board investment guidelines to be not less than the combined net position of the same funds (exclusive of cumulative unrealized gains/losses on investments) as of the immediately preceding fiscal year end. That combined net position was \$493.3 million as of June 30, 2024.

The following table describes the restricted by covenant portion of net position, including the balances to be maintained according to the Agency's Board investment guidelines, as of June 30, 2024 (in thousands):

	Certain Balances Maintained According to Agency's Board Guidelines	Unrealized Appreciation (Depreciation) in Fair Market Value of Investments	Total Net Position Restricted by Covenant
Net Position — Restricted By Covenant			
Housing Endowment Fund (Pool 1), General Reserve			
Pool 1 is an amount equal to 1% of gross loans outstanding (excluding Pool 3 and appropriation-funded loans) and must be invested in short-term, investment-grade securities at market interest rates	\$ 9,116	\$ -	\$ 9,116
Subtotal, Housing Endowment Fund (Pool 1), General Reserve	9,116	-	9,116
Housing Investment Fund (Pool 2), Residential Housing Finance			
An amount that causes the combined net position in the General Reserve and bond funds (exclusive of: Pool 3, unrealized gains/losses on investments, and realized gains/losses from the sale of investments between Agency funds) to be at least equal to the combined net position of the same funds for the immediately preceding audited fiscal year end (after restatements, if any, required by generally accepted accounting principles). During fiscal year 2024, \$15.0 million was transferred from Pool 2 to Pool 3 in compliance with these Board guidelines. Pool 2 is invested in investment-quality housing loans, as defined by the Agency, or investment-grade securities.	385,732	-	385,732
Unrealized appreciation in fair market value of investments	-	(3,915)	(3,915)
Subtotal, Housing Investment Fund (Pool 2), Residential Housing Finance	385,732	(3,915)	381,817
Housing Affordability Fund (Pool 3), Residential Housing Finance			
Funds in excess of the combined requirement of Pool 1, Pool 2 and General Reserve may be transferred to Pool 3. Assets are invested in deferred loans, zero percent and low interest-rate loans, other loans with higher than ordinary risk factors, or, pending use, investment-grade securities.	169,593	-	169,593
Unrealized appreciation in fair market value of investments	-	(27)	(27)
Subtotal, Housing Affordability Fund (Pool 3), Residential Housing Finance	169,593	(27)	169,566
Agency-wide Total	<u>\$564,441</u>	<u>\$(3,942)</u>	<u>\$560,499</u>

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 15 – Net Position (continued)

Restricted by Law

Undisbursed, recognized federal and state appropriations are classified as restricted by law under net position. The \$76.6 million balance of restricted by law in the Federal Appropriated fund as of June 30, 2024, is restricted by federal requirements that control the use of the funds. The \$987.3 million balance of Restricted by Law in the State Appropriated fund as of June 30, 2024, is restricted by the state laws appropriating such funds.

Unrestricted - State Appropriation-Backed Bonds

The \$355.8 million balance of unrestricted deficit - State Appropriation-backed Bonds as of June 30, 2024, does not represent a general obligation of the Agency and is not payable from any funds or assets of the Agency. Deficits in State Appropriated are funded by future appropriations.

Unrestricted

The \$338.9 million balance of unrestricted net position represents debit balances in the unrestricted by bond, law, and covenant net positions at June 30, 2024. The unrestricted net position deficit was primarily due to the unrealized losses on investments recorded at June 30, 2024. Deficits in Rental Housing, Residential Housing Finance and HFB will be funded by future operating interest income.

Note 16 – Defined Benefit Pension Plan

The Agency contributes to the MSRS, a multiple-employer public employee retirement system, which provides pension benefits for all permanent employees.

The State Employees Retirement Fund (SERF) is administered by the MSRS and is established and administered in accordance with Minnesota Statutes, Chapters 352 and 356. SERF includes the General Employees Retirement Plan (General Plan), a multiple-employer, cost-sharing defined benefit plan, and three single-employer defined benefit plans: the Military Affairs Plan, the Transportation Pilots Plan, and the Fire Marshals Plan. Only certain employees of the Department of Military Affairs, the Department of Transportation, and the State Fire Marshal's Division are eligible to be members of those plans, but all state of Minnesota employees who are not members of another plan are covered by the General Plan.

MSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.msrs.state.mn.us/financial-information; by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103; or by calling (651) 296-2761 or 1-800-657-5757.

Benefits Provided

MSRS provides retirement, disability, and death benefits through the SERF. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit, and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases or decreases are provided to benefit recipients each January and are related to the funded ratio of the plan. Annuitants receive benefit increases of 2.0% each year through December 31, 2018, 1% January 1, 2019 – December 31, 2023, and 1.5% January 1, 2024, and thereafter. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment will receive a pro rata increase. Prior to 2002, members who retired under the laws in effect before July 1, 1973, received an additional lump sum payment each year. In 1989, this lump sum payment was the greater of \$25 times each full year of allowable service or \$400 per full year of service less any Social Security benefits received or annuity from a Minnesota public

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 16 – Defined Benefit Pension Plan (continued)

employee pension plan. In each following year, the lump sum payment was increased by the same percentage increase that was applied to regular annuities paid from the Minnesota Post Retirement Investment Fund. Effective January 1, 2002, the annual lump sum payment was divided by 12 and paid as a monthly life annuity in the annuity form elected.

Contributions

Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members contribute 5.5% and participating employers are required to contribute 6.25% of their annual covered salary in fiscal year 2024. The Agency's contribution to the General Plan for the fiscal year ending June 30, 2024, was \$1.8 million. These contributions were equal to the contractually required contributions for each year as set by state statute.

Actuarial Assumptions

The Agency's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% per year
Active member payroll growth	3.00% per year
Investment rate of return	7.00%

Salary increases were based on a service-related table.

Mortality rates for healthy pre-retirement on Pub 2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2018. Rates are multiplied by a factor of 0.97 for males and 1.06 for females. Mortality rates for healthy post-retirement on Pub-2010 Healthy General Mortality Table, adjusted for mortality improvements using projection scale MP-2018. Rates are multiplied by a factor of 1.04 for males and 1.10 for females. Actuarial assumptions used in the June 30, 2022, valuation was based on the results of actuarial experience study, dated June 27, 2019, and a review of inflation and investment return assumptions dated June 29, 2023.

The long-term expected rate of return on pension plan investments is 7.00%. The rate assumption was selected as the result of a review of inflation and investment return assumptions dated June 29, 2023, and a recent liability study. The review combined the asset class target allocations and long-term rate of return expectations from the SBI.

The SBI, which manages the investments of MSRS, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best-estimates of expected future real rates of return are developed for each major asset class. These asset class estimates, and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

Asset Class	Target Allocation	SBI's Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Stocks	33.5%	5.10%
International Stocks	16.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	25.0%	0.75%

Changes in Actuarial Assumptions

Liabilities for former vested members are increased by 4%, and liabilities for former, non-vested members are increased by 5% to account for the effect of some participants having eligibility for a Combined Service Annuity (2017). The Single Discount Rate was changed from 6.75% per annum to 7.00% per annum.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 16 – Defined Benefit Pension Plan (continued)

Single Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this Single Discount Rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability

At June 30, 2024, the Agency reported a liability of \$6.694 million for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's contributions received by MSRS during the measurement period July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2023, the Agency's proportionate share of the entire plan was 0.69671% an increase of 0.011% over prior reporting period.

Pension Liability Sensitivity

The following presents the Agency's proportionate share of the net pension liability, calculated using the discount rate disclosed above, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate (in thousands):

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Agency proportionate share of the net pension liability (asset):	\$22,566	\$6,694	(\$5,492)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the MSRS Comprehensive Annual Financial Report, available on the MSRS website (www.msrs.state.mn.us/financial-information).

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the Agency recognized pension expense of \$1.546 million. At June 30, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 805	\$ 46
Changes of assumptions	5,226	5,638
Net difference between projected and actual earnings on investments	-	668
Changes in proportion and differences between actual contributions and proportionate share of contributions	238	16
Contributions paid to MSRS subsequent to the measurement date	1,762	-
Total	<u>\$8,031</u>	<u>\$6,368</u>

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 16 – Defined Benefit Pension Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Amounts reported as deferred outflows of resources related to pensions resulting from Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ended June 30:	Pension Expense Amount
2025	\$ (263)
2026	(205)
2027	1,343
2028	(974)

Deferred Compensation Plan

The Minnesota Deferred Compensation Plan is a voluntary savings plan intended for long-term investing for retirement. The deferred compensation plan is offered to any full-time, part-time, or temporary Minnesota public employee.

Note 17 – Post-Employment Benefits Other Than Pensions

Other postemployment benefits (OPEB) are available to state employees and their dependents through a single-employer defined benefit healthcare plan, as allowed by Minnesota Statutes 43A.27, Subdivision 3, and Minnesota Statutes 471.61, Subdivision 2a, and required under the terms of selected employment contracts.

The Agency's employees participate in the State of Minnesota-sponsored hospital, medical, and dental insurance group. State statute requires that former employees and their dependents be allowed to continue participation indefinitely, under certain conditions, in the insurance that the employees participated in immediately before retirement. The former employees must pay the entire premium for continuation coverage. An implicit rate subsidy exists for the former participants that elect to continue coverage. That subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate greater claims on average than active participants. The Agency's current year active participant count (employees only) for implicit subsidy is 251.

The state does not issue a separate financial report for its OPEB as the state does not fund an OPEB plan and operates on a pay-as-you-go basis. The State of Minnesota obtains an actuarial valuation from an independent firm of its postretirement medical benefits and to determine its OPEB liability. The state intends to fund the OPEB liability on a "pay as you go" basis. The total other postemployment benefit obligation for the Agency is \$2.269 million for fiscal year 2024.

MSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.msrs.state.mn.us/financial-information; by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103; or by calling (651) 296-2761 or 1-800-657-5757.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 17 – Post-Employment Benefits Other Than Pensions (continued)

Total OPEB Liability

The total OPEB liability, OPEB expense, and certain sensitivity information shown are based on actuarial valuations performed as of July 1, 2022. The total OPEB liability was rolled-forward from the valuation date to the measurement date of June 30, 2023, using generally accepted actuarial principles. No significant events or material changes in benefit provisions occurred between the actuarial valuation date and the measurement date that required adjustment to roll-forward of the Total OPEB Liability.

Schedule of Total OPEB Liability
As of June 30, 2024
(dollars in thousands)

	2024 ⁽¹⁾
Total OPEB Liability	
Service cost	\$ 123
Interest	79
Difference between expected and actual experience	19
Change in assumptions and other inputs	(109)
Net change in total OPEB liability	112
Total OPEB liability-beginning	2,157
Total OPEB liability-ending (a)	\$2,269

⁽¹⁾ The Agency's total proportionate share is .326 percent

As of July 1, 2022, the following assumptions were used for the actuarial valuation.

Inflation	2.25% per year
Initial Medical Trend Rate	8.4% per year
Ultimate Medical Trend Rate	3.7%
Salary Increases	13.0% with one year of service to 3.0% with 30 or more years of service
Mortality Rate	Refer Pub-2010 General Employee Mortality Headcount-Weighted Table, adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of .97 for males and 1.06 for females
Experience Study Dates	2015-2019

The majority of the State of Minnesota employees are participants in the MSRS, Minnesota Teacher's Retirement Association (TRA), or the Minnesota Public Employees' Retirement System (PERA). For this reason, the aggregate payroll growth, individual salary increase, mortality, withdrawal, retirement, and age of spouse assumptions are based on the assumptions used for the respective plans' Actuarial Valuation Reports as of July 1, 2022.

OPEB Sensitivity Based on Trend Rate

The following presents the Agency's share of total OPEB, calculated using a discount rate disclosed above, as well as what the total OPEB calculated using 1 percentage point higher and 1 percentage point lower than the current trend rate, in thousands.

	1% Decrease in Trend Rate (2.7%)	Trend Rate (3.7%)	1% Increase in Trend Rate (4.7%)
Agency proportionate share of the total OPEB liability:	\$2,039	\$2,269	\$2,538

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 17 – Post-Employment Benefits Other Than Pensions (continued)

Single Discount Rate

Since the State's retiree health benefits are not funded by assets in a separate trust the discount rate will be based on the index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher as of the measurement date, as prescribed by GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State of Minnesota elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was 3.54% as of June 30, 2023.

OPEB Sensitivity Based on Discount Rate

The following presents the Agency's share of total OPEB, calculated using a discount rate disclosed above, as well as what the total OPEB calculated using 1 percentage point higher and 1 percentage point lower than the current discount rate, in thousands.

	1% Decrease in Discount Rate (2.54%)	Discount Rate (3.54%)	1% Increase in Discount Rate (4.54%)
Agency proportionate share of the OPEB liability:	\$2,441	\$2,269	\$2,107

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Agency recognized OPEB expense of \$0.181 million. At June 30, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$121	\$111
Changes of assumptions	130	144
Subsequent Contributions	139	
Total	<u>\$390</u>	<u>\$255</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from Agency's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024.

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

Year Ended June 30:	OPEB Expense Amount
2025	(\$17)
2026	4
2027	7
2028	(1)
2029	1
Thereafter	2

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 18 – Risk Management

Minnesota Housing is exposed to various insurable risks of loss related to tort; theft of, damage to, or destruction of assets; errors or omissions; and employer obligations. Minnesota Housing manages these risks through State of Minnesota insurance plans including the State of Minnesota Risk Management Fund (a self-insurance fund) and through purchased insurance coverage.

Property, casualty, liability, and crime coverage is provided by the Minnesota Risk Management Fund which may also purchase other insurance from qualified insurers for Minnesota Housing's needs. Minnesota Housing bears a \$2,500 deductible per claim for the following coverage limits (in thousands):

Type of Coverage	Coverage Limits
Real and personal property loss	\$4,902
Business interruption/loss of use/extra expense	500
Bodily injury and property damage per person	500
Bodily injury and property damage per occurrence	1,500
Faithful performance/commercial crime	9,000
Employee dishonesty	306

Minnesota Housing retains the risk of loss, although there have been no settlements or actual losses in excess of coverage in the last three fiscal years.

The Agency participates in the State Employee Group Insurance Plan, which provides life insurance and hospital, medical, and dental benefits coverage through provider organizations.

Minnesota Housing participates in the State of Minnesota Workers' Compensation Program. Annual premiums are assessed by the program based on average costs and claims. Minnesota Housing workers compensation costs and claims have been negligible during the last three fiscal years.

Note 19 - Commitments

As of June 30, 2024, the Agency had approved, either finally or preliminarily, the purchase or origination of future loans or other housing assistance in the following amounts (in thousands):

Funds	Amount
Rental Housing	\$ 140,015
Residential Housing Finance	444,326
State Appropriated	540,936
Federal Appropriated	59,276
Agency Wide Totals	<u>\$1,184,553</u>

Board-approved selections of future loans or other housing assistance for housing projects are included in the above table although the approvals may only be preliminary. However, a preliminary approval is not a commitment but an expectation that the Agency will be able to make the loan to or provide the other assistance for the project if all underwriting or other criteria are met. The Agency may decline to proceed with a final approval of any loan or assistance that has not been formally and legally committed.

The Agency has cancellable lease commitments for office facilities through August 2027 and for parking through August 2027, totaling \$6.417 million. Combined office facilities and parking lease expense for fiscal year 2024 was \$1.629 million.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 20 - Litigation

The Agency is a party to various litigations arising in the ordinary course of business. While the ultimate effect of such actions cannot be predicted with certainty, the Agency expects that the outcome of these matters will not result in a material adverse effect on the financial position or results of operations of the Agency.

Note 21 – Subsequent Events

The Agency called for redemption or repayment subsequent to June 30, 2024, for the following bonds (in thousands):

Program	Retirement Date	Par
Residential Housing Finance	July 1, 2024	\$35,395
Residential Housing Finance	July 11, 2024	39,590
Residential Housing Finance	August 1, 2024	11,180
Rental Housing	August 15, 2024	5,150
Residential Housing Finance	September 1, 2024	7,675
Residential Housing Finance	October 1, 2024	9,630
Rental Housing	October 14, 2024	10,495
Residential Housing Finance	November 1, 2024	10,925

On each of February 22, 2024, May 23, 2024, June 27, 2024, September 26, 2024, and October 24, 2024, the Board of the Agency adopted one or more series resolution authorizing the issuance of bonds for the purpose of providing funds for certain of the Agency's multifamily programs. The Rental Housing Bonds, 2024 Series B-1 and B-2, in the principal amount of \$8.055 million were delivered on July 31, 2024, the Rental Housing Bonds, 2024 Series C-1 and C-2, in the principal amount of \$9.820 million were delivered on August 20, 2024, and the Rental Housing Bonds, 2024 Series D, in the principal amount of \$87.530 million were delivered on July 16, 2024. The Rental Housing Bonds, 2024 Series E-1 and E-2, in the maximum principal amount of \$11.400 million, the Rental Housing Bonds, 2024 Series F-1 and F-2, in the maximum principal amount of \$11.100 million, the Rental Housing Bonds, 2024 Series G-1 and G-2, in the maximum principal amount of \$13.920 million, and the Rental Housing Bonds, 2024 Series H-1 and H-2, in the maximum principal amount of \$9.965 million, are anticipated to be issued not later than December 2024.

On July 21, 2022, the Board of the Agency adopted a resolution authorizing the issuance of additional State Appropriation Bonds (Housing Infrastructure) up to the aggregate principal amount of \$100 million for the purpose of providing funds to make loans for certain statutory-authorized purposes and on July 25, 2024, approved additional loans to be financed by those bonds. The State Appropriation Bonds (Housing Infrastructure), 2024 Series A, in the aggregate principal amount of \$12.960 million were delivered September 18, 2024, pursuant to that authorization.

On July 2, 2024, the Agency delivered its Residential Housing Finance Bonds, 2024 Series LMN, in the aggregate principal amount of \$225 million; on August 29, 2024, the Agency delivered its Residential Housing Finance Bonds, 2024 Series OPQ, in the aggregate principal amount of \$225 million; and on September 18, 2024, the Agency delivered its Residential Housing Finance Bonds, 2024 Series RS, in the aggregate principal amount of \$75 million; and on November 13, 2024, the Agency sold its Residential Housing Finance Bonds, 2024 Series TUVW, in the aggregate principal amount of \$250 million for delivery on December 12, 2024; each for the purpose of providing funds for certain of the Agency's homeownership programs. The issuance of these bonds was authorized pursuant to series resolutions adopted by the Board of the Agency on October 26, 2023, and May 23, 2024, each authorizing the issuance of fixed interest rate bonds in the aggregate principal amount of \$600 million, and on December 14, 2023, and June 27, 2024, authorizing the issuance of variable interest rate bonds in the aggregate principal amounts of \$100 million and \$150 million, respectively.

On August 29, 2024, the Agency's tax-exempt bonds issued on December 21, 2005, on a conduit basis to assist a Minnesota nonprofit organization in preserving assisted elderly rental housing were paid in full and are no longer outstanding.

MINNESOTA HOUSING FINANCE AGENCY
A Component Unit of the State of Minnesota
Notes to Financial Statements
Year ended June 30, 2024 (continued)

Note 21 – Subsequent Events (continued)

With respect to its Residential Housing Finance Bonds, 2019 Series H, outstanding as of July 1, 2024, in the aggregate principal amount of \$39.590 million, on July 10, 2024, the Agency entered into a new remarketing agreement with a remarketing agent fee of 0.070%, and on July 11, 2024, the Agency entered into a replacement liquidity facility with a maturity of July 11, 2029, and a facility fee of 0.290%.

Per Board resolution 18-004 dated April 26, 2018, extension per Board resolution 20-055 on October 22, 2020, Board resolution 21-007 on February 2, 2021, and extension per Board resolution 21-070 on December 16, 2021, the Agency made, or has committed to issue, draws from the Index Bank notes subsequent to June 30, 2024, as shown in the table below (in thousands).

Program	Series	Advance Date	Par
Index Bank Note	2018 AMT	July 1, 2024	\$ 9,751
Index Bank Note	2018 Non-AMT	July 1, 2024	21,071
Index Bank Note	2018 AMT	August 1, 2024	486
Index Bank Note	2018 Non-AMT	August 1, 2024	7,095
Index Bank Note	2018 AMT	September 3, 2024	236
Index Bank Note	2018 Non-AMT	September 3, 2024	5,483
Index Bank Note	2018 AMT	October 1, 2024	138
Index Bank Note	2018 Non-AMT	October 1, 2024	6,014
Index Bank Note	2018 AMT	November 1, 2024	113
Index Bank Note	2018 Non-AMT	November 1, 2024	5,946
Index Bank Note	2018 AMT	December 2, 2024	141
Index Bank Note	2018 Non-AMT	December 2, 2024	5,464

The Agency repaid \$35.351 million of the Non-AMT Portion of the Index Bank Note on July 2, 2024, and \$9.595 million of the Non-AMT Portion of the Index Bank Note on August 29, 2024.

The Agency has evaluated subsequent events through December 9, 2024, the date on which the financial statements were available to be issued.

MINNESOTA HOUSING FINANCE AGENCY

Required Supplementary Information

Schedule of Selected Pension Information-Unaudited (in thousands)

Fiscal Year 2024

Schedule of Employer's Share of Net Pension Liability State Employees Retirement Fund Last 10 Fiscal Years* (dollars in thousands)

	2016 ⁽¹⁾	2017 ⁽²⁾	2018 ⁽³⁾	2019 ⁽⁴⁾	2020	2021	2022 ⁽⁵⁾	2023 ⁽⁶⁾	2024 ⁽⁷⁾
Employer unit's proportion of the net pension liability	0.781%	0.822%	0.830%	0.836%	0.820%	0.632%	0.667%	0.686%	0.697%
Employer unit's proportionate share of the net pension liability	\$ 8,979	\$76,077	\$46,137	\$ 8,725	\$ 8,740	\$ 8,396	\$ 544	\$11,271	\$ 6,694
Employer unit's covered-employee payroll	22,438	23,836	19,693	20,931	21,408	22,555	23,750	25,110	27,782
Employer unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.017%	319.168%	234.281%	41.685%	40.826%	37.225%	2.291%	44.886%	24.095%
Plan fiduciary net position as a percentage of the total pension liability	88.320%	47.51%	62.73%	90.56%	90.73%	91.25%	99.53%	90.60%	94.54%

The measurement date is June 30 preceding each fiscal year.

Schedule of Employer's Contributions State Employees Retirement Fund Last 10 Fiscal Years* (dollars in thousands)

	2016 ⁽¹⁾	2017 ⁽²⁾	2018 ⁽³⁾	2019 ⁽⁴⁾	2020	2021	2022 ⁽⁵⁾	2023 ⁽⁶⁾	2024 ⁽⁷⁾
Contractually required contribution	\$ 874	\$ 968	\$ 1,018	\$ 1,151	\$ 1,264	\$ 1,317	\$ 1,405	\$ 1,549	\$ 1,762
Contributions in relation to the contractually required contribution	874	968	1,018	1,151	1,264	1,317	1,405	1,549	1,762
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Employer unit's covered-employee payroll	22,438	23,836	19,693	20,931	21,408	22,555	23,750	25,110	27,782
Contributions as a percentage of covered-employee payroll	3.895%	4.061%	5.169%	5.499%	5.904%	5.839%	5.916%	6.169%	6.342%

* The above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

⁽¹⁾ 2016: Benefit increase of 2.5 percent was projected to start in 2044 instead of 2016

⁽²⁾ 2017: Benefit increase was changed to 2.0 percent for future years. The discount rate changed from 7.9 percent to 4.17 percent

⁽³⁾ 2018: The discount rate changed to 5.42 percent

⁽⁴⁾ 2019: Benefit increase was changed to 2.0 percent through December 31, 2018, 1.0 percent through December 31, 2023, and 1.4 percent thereafter. The discount rate changed to 7.5 percent.

⁽⁵⁾ 2022: The discount rate changed to 6.5 percent

⁽⁶⁾ 2023: The discount rate changed to 6.75 percent

⁽⁷⁾ 2024: The discount rate changed to 7.0 percent

MINNESOTA HOUSING FINANCE AGENCY
Required Supplementary Information
Schedule of Pension Contributions-Unaudited (in thousands)
Fiscal Year 2024

	State Employees Retirement Fund								
	2016	2017	2018	2019 ⁽²⁾	2020 ⁽³⁾	2021	2022	2023	2024
Statutorily Required Contribution as an Employer ⁽¹⁾	\$ 8,979	\$76,077	\$46,137	\$ 8,725	\$ 8,740	\$ 8,396	\$ 544	\$11,271	\$ 6,694
Covered-Member Payroll	\$22,438	\$23,836	\$19,693	\$20,931	\$21,408	\$22,555	\$23,750	\$25,110	\$27,782
Required Employer Contributions as a Percentage of Covered-Member Payroll	0.781%	0.822%	0.830%	0.836%	0.820%	0.632%	0.667%	0.686%	0.697%

⁽¹⁾ Statutorily required contributions equal actual required contributions

⁽²⁾ 2019: The required contribution rate for employers increased to 5.875 percent

⁽³⁾ 2020: The required contribution rate for employers increased to 6.25 percent

MINNESOTA HOUSING FINANCE AGENCY
Required Supplementary Information
Schedule of Selected OPEB Information-Unaudited (in thousands)
Fiscal Year 2024

Schedule of Changes in the Employer's Share of Total OPEB Liability and Related Ratios

Last 10 Fiscal Years*
(dollars in thousands)

	2018	2019 ⁽²⁾	2020 ⁽³⁾	2021 ⁽⁴⁾	2022 ⁽⁵⁾	2023 ⁽⁶⁾	2024
Total OPEB Liability ⁽¹⁾							
Service cost	\$ 144	\$ 135	\$ 124	\$ 119	\$ 121	\$ 144	\$ 123
Interest	52	66	65	59	41	48	79
Change in benefit term	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	(40)	-	-	149	19
Change in assumptions - discount rate	(94)	(84)	-	165	7	(230)	(18)
Change in assumptions - other	-	(42)	(102)	(128)	-	35	32
Change in proportionate share of allocation	-	-	-	-	-	247	-
Benefit payments							
Explicit subsidy	(43)	(48)	(45)	(47)	(55)	(63)	(67)
Implicit subsidy	(45)	(51)	(46)	(48)	(28)	(53)	(57)
Net change in total OPEB liability	15	(25)	(43)	121	86	278	112
Total OPEB liability-beginning	1,727	1,742	1,716	1,672	1,793	1,879	2,157
Total OPEB liability-ending (a)	<u>\$ 1,742</u>	<u>\$ 1,716</u>	<u>\$ 1,672</u>	<u>\$ 1,793</u>	<u>\$ 1,879</u>	<u>\$ 2,157</u>	<u>\$ 2,269</u>
Covered employee payroll	<u>\$19,963</u>	<u>\$20,931</u>	<u>\$21,408</u>	<u>\$22,555</u>	<u>\$23,750</u>	<u>\$25,110</u>	<u>\$27,782</u>
Employer's total OPEB liability as a percentage of covered employee payroll	<u>8.72%</u>	<u>8.20%</u>	<u>7.81%</u>	<u>7.95%</u>	<u>7.91%</u>	<u>8.59%</u>	<u>8.17%</u>

Schedule of Employer's Contributions-OPEB

Last 10 Fiscal Years*
(dollars in thousands)

	2018	2019 ⁽²⁾	2020 ⁽³⁾	2021 ⁽⁴⁾	2022 ⁽⁵⁾	2023 ⁽⁶⁾	2024
Actuarially required contribution							
Explicit subsidy	\$ 43	\$ 48	\$ 45	\$ 47	\$ 55	\$ 63	\$ 67
Implicit subsidy	45	51	46	48	28	53	57
Contributions in relation to the actuarially required contribution							
Explicit subsidy	43	48	45	47	55	63	67
Implicit subsidy	45	51	46	48	28	53	57
Employer unit's covered-employee payroll	\$19,963	\$20,931	\$21,408	\$22,555	\$23,750	\$25,110	\$27,782
Contributions as a percentage of covered-employee payroll							
Explicit subsidy	0.215%	0.229%	0.210%	0.208%	0.232%	0.251%	0.241%
Implicit subsidy	0.225%	0.244%	0.215%	0.213%	0.118%	0.211%	0.205%

* These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.
The state does not fund this plan and operates on a pay-as-you-go basis.

⁽¹⁾ Amounts represent the total of the Agency's proportionate share.

⁽²⁾ 2019: The discount rate changed from 3.58 percent to 3.87 percent

⁽³⁾ 2020: The discount rate changed to 3.50 percent.

⁽⁴⁾ 2021: The discount rate changed to 2.21 percent

⁽⁵⁾ 2022: The discount rate changed to 2.16 percent

⁽⁶⁾ 2023: The discount rate changed to 3.54 percent

MINNESOTA HOUSING FINANCE AGENCY

Supplementary Information

Statement of Net Position (in thousands)

General Reserve and Bond Funds

As of June 30, 2024 (with summarized comparative totals as of June 30, 2023)

	Bond Funds			
	General Reserve	Rental Housing	Residential Housing Finance	
			Bonds	Pool 2
Cash and cash equivalents	\$ 84,132	\$ 43,184	\$ 271,807	\$ 70,530
Investments-program mortgage-backed securities	-	-	3,295,425	-
Investment securities-other	13,150	17,943	2,701	55,626
Loans receivable, net	-	171,598	191,147	525,032
Interest receivable on loans and program mortgage-backed securities	-	708	14,978	2,006
Interest receivable on investments	366	202	1,350	605
Interest Rate Swap Agreements	-	-	48,457	-
FHA/VA insurance claims, net	-	-	(2)	-
Real estate owned, net	-	-	313	276
Capital assets, net	6,178	-	-	1,864
Other assets	2,741	60	481	739
Total assets	106,567	233,695	3,826,657	656,678
Deferred loss on refunding	-	-	-	-
Deferred loss on interest rate swap agreements	-	-	61	-
Deferred pension and OPEB expense	8,421	-	-	-
Total deferred outflows of resources	8,421	-	61	-
Total assets and deferred outflows of resources	\$114,988	\$ 233,695	\$3,826,718	\$ 656,678
Bonds payable, net	\$ -	\$ 79,545	\$3,769,992	\$ 105,548
Interest payable	-	1,067	70,035	1,033
Interest rate swap agreements	-	-	61	-
Net pension and OPEB liability	8,963	-	-	-
Accounts payable and other liabilities	6,635	1,739	1,081	64,724
Interfund payable (receivable)	(1,729)	(17,301)	(55,741)	99,884
Funds held for others	79,202	-	-	-
Lease liability	4,927	-	-	-
Subscription Liability	35	-	-	1,888
Total liabilities	98,033	65,050	3,785,428	273,077
Deferred gain on interest rate swap agreements	-	-	48,457	-
Deferred service release fees	-	-	13,218	1,808
Deferred pension and OPEB credit	6,623	-	-	-
Total deferred inflows of resources	6,623	-	61,675	1,808
Total liabilities and deferred inflows of resources	\$104,656	\$ 65,050	\$3,847,103	\$ 274,885
Restricted by bond resolution	\$ -	\$ 168,948	\$ 275,394	\$ -
Restricted by covenant	9,116	-	-	381,817
Unrestricted	-	(303)	(295,779)	-
Net investment in capital assets	1,216	-	-	(24)
Total net position (deficit)	\$ 10,332	\$ 168,645	\$ (20,385)	\$ 381,793

Bond Funds			General Reserve & Bond Funds Excluding Pool 3	General Reserve & Bond Funds Excluding Pool 3	Residential Housing Finance Pool 3	General Reserve & Bond Funds	General Reserve & Bond Funds
Home-ownership Finance	Multifamily Housing	HOMES SM	Total For The Year Ended June 30, 2024	Total For The Year Ended June 30, 2023	Total For The Year Ended June 30, 2024	Total For The Year Ended June 30, 2024	Total For The Year Ended June 30, 2023
\$ 38,931	\$ 2,134	\$ -	\$ 510,718	\$ 333,224	\$ 2,559	\$ 513,277	\$ 334,577
853,865	-	-	4,149,290	3,176,976	-	4,149,290	3,176,976
3,595	-	3,740	96,755	143,572	8,124	104,879	152,046
-	12,654	-	900,431	860,525	132,069	1,032,500	998,511
2,891	46	-	20,629	14,269	34	20,663	14,306
162	9	11	2,705	1,918	56	2,761	1,987
-	-	-	48,457	32,228	-	48,457	32,228
-	-	-	(2)	108	-	(2)	108
-	-	-	589	983	-	589	972
-	-	-	8,042	9,323	-	8,042	9,323
19	-	-	4,040	4,841	2	4,042	4,851
899,463	14,843	3,751	5,741,654	4,577,967	142,844	5,884,498	4,725,885
-	-	-	-	-	-	-	-
-	-	-	61	479	-	61	479
-	-	-	8,421	10,792	-	8,421	10,792
-	-	-	8,482	11,271	-	8,482	11,271
\$899,463	\$14,843	\$3,751	\$5,750,136	\$4,589,238	\$ 142,844	\$5,892,980	\$4,737,156
\$947,801	\$12,280	\$4,245	\$4,919,411	\$3,781,876	\$ -	\$4,919,411	\$3,781,876
2,128	31	11	74,305	41,525	-	74,305	41,525
-	-	-	61	479	-	61	479
-	-	-	8,963	13,428	-	8,963	13,428
51	-	-	74,230	97,733	340	74,570	97,887
(5,044)	-	-	20,069	22,910	(27,062)	(6,993)	2,910
-	-	(505)	78,697	74,386	-	78,697	74,386
-	-	-	4,927	6,260	-	4,927	6,260
-	-	-	1,923	2,287	-	1,923	2,287
944,936	12,311	3,751	5,182,586	4,040,884	(26,722)	5,155,864	4,021,038
-	-	-	48,457	32,228	-	48,457	32,228
4,160	-	-	19,186	19,296	-	19,186	19,296
-	-	-	6,623	4,634	-	6,623	4,634
4,160	-	-	74,266	56,158	-	74,266	56,158
\$949,096	\$12,311	\$3,751	\$5,256,852	\$4,097,042	\$ (26,722)	\$5,230,130	\$4,077,196
\$ 14,022	\$ 2,532	\$ -	\$ 460,896	\$ 513,008	\$ -	\$ 460,896	\$ 513,008
-	-	-	390,933	390,977	169,566	560,499	558,741
(63,655)	-	-	(359,737)	(412,579)	-	(359,737)	(412,579)
-	-	-	1,192	790	-	1,192	790
\$ (49,633)	\$ 2,532	\$ -	\$ 493,284	\$ 492,196	\$ 169,566	\$ 662,850	\$ 659,960

MINNESOTA HOUSING FINANCE AGENCY

Supplementary Information

Statement of Revenues, Expenses and Changes in Net Position (in thousands)

General Reserve and Bond Funds

Year ended June 30, 2024 (with summarized comparative totals for year ended June 30, 2023)

	Bond Funds			
	General Reserve	Rental Housing	Residential Housing Finance	
			Bonds	Pool 2
Operating Revenues				
Interest earned on loans	\$ -	\$ 9,170	\$ 9,051	\$ 21,917
Interest earned on investments-program mortgage-backed securities	-	-	130,503	-
Administrative reimbursement	53,341	-	-	-
Fees earned and other income	16,673	84	3,270	2,242
Total operating revenues	\$ 70,014	\$ 9,254	\$ 142,824	\$ 24,159
Operating Expenses				
Loan administration and trustee fees	\$ -	\$ 89	\$ 1,785	\$ 1,556
Administrative reimbursement	-	1,475	19,782	3,721
Salaries and benefits	40,708	-	-	-
Other general operating	6,058	10	108	1,315
Reduction in carrying value of certain low interest rate deferred loans	-	(203)	17	(244)
Provision for loan losses	-	(92)	249	2,118
Total operating expenses	\$ 46,766	\$ 1,279	\$ 21,941	\$ 8,466
Operating revenue income (loss)	\$ 23,248	\$ 7,975	\$ 120,883	\$ 15,693
Nonoperating Revenue (Expenses)				
Interest earned on investments-other	\$ 1,219	\$ 2,225	\$ 14,533	\$ 7,090
Net appreciation/depreciation in fair value on investments	-	152	(32,473)	346
Interest	(297)	(2,442)	(112,475)	(8,410)
Financing, net	-	(1)	(11,648)	(477)
Total nonoperating expenses	922	(66)	(142,063)	(1,451)
Income (Loss) Before Transfers and Contributions	24,170	7,909	(21,180)	14,242
Non-operating transfer of assets between funds	(23,328)	175	22,879	(14,726)
Non-operating expenses	-	-	-	-
Change in net position	842	8,084	1,699	(484)
Total net position (deficit), beginning of Year, as restated	9,490	160,561	(22,084)	382,277
Total net position (deficit), end of Year	\$ 10,332	\$ 168,645	\$ (20,385)	\$ 381,793

Bond Funds			General Reserve & Bond Funds Excluding Pool 3	General Reserve & Bond Funds Excluding Pool 3	Residential Housing Finance Pool 3	General Reserve & Bond Funds	General Reserve & Bond Funds
Home-ownership Finance	Multifamily Housing	HOMES SM	Total For The Year Ended June 30, 2024	Total For The Year Ended June 30, 2023	Total For The Year Ended June 30, 2024	Total For The Year Ended June 30, 2024	Total For The Year Ended June 30, 2023
\$ -	\$ 561	\$ -	\$ 40,699	\$ 36,817	\$ 288	\$ 40,987	\$ 37,149
34,294	-	-	164,797	107,963	-	164,797	107,963
-	-	-	53,341	34,949	-	53,341	34,949
1,366	-	-	23,635	21,560	14	23,649	21,600
\$ 35,660	\$ 561	\$ -	\$ 282,472	\$ 201,289	\$ 302	\$ 282,774	\$ 201,661
\$ 382	\$ 4	\$ -	\$ 3,816	\$ 3,273	\$ 19	\$ 3,835	\$ 3,306
6,401	90	-	31,469	26,047	1,735	33,204	27,659
-	-	-	40,708	29,219	-	40,708	29,219
40	-	-	7,531	6,813	2,044	9,575	8,559
-	-	-	(430)	(301)	10,200	9,770	123
-	(1)	-	2,274	1,673	285	2,559	3,249
\$ 6,823	\$ 93	\$ -	\$ 85,368	\$ 66,724	\$ 14,283	\$ 99,651	\$ 72,115
\$ 28,837	\$ 468	\$ -	\$ 197,104	\$ 134,565	\$ (13,981)	\$ 183,123	\$ 129,546
\$ 2,040	\$ 104	\$ 141	\$ 27,352	\$ 19,849	\$ 804	\$ 28,156	\$ 20,270
(13,688)	-	-	(45,663)	(149,199)	(21)	(45,684)	(149,269)
(26,441)	(373)	(141)	(150,579)	(96,539)	-	(150,579)	(96,539)
-	-	-	(12,126)	(3,067)	-	(12,126)	(3,067)
(38,089)	(269)	-	(181,016)	(228,956)	783	(180,233)	(228,605)
(9,252)	199	-	16,088	(94,391)	(13,198)	2,890	(99,059)
-	-	-	(15,000)	(32,715)	15,000	-	849
-	-	-	-	(559)	-	-	(559)
(9,252)	199	-	1,088	(127,665)	1,802	2,890	(98,769)
(40,381)	2,333	-	492,196	619,861	167,764	659,960	758,729
\$ (49,633)	\$ 2,532	\$ -	\$ 493,284	\$ 492,196	\$ 169,566	\$ 662,850	\$ 659,960

MINNESOTA HOUSING FINANCE AGENCY

Supplementary Information

Statement of Cash Flows (in thousands)

General Reserve and Bond Funds (continued)

Year ended June 30, 2024 (with summarized comparative totals for year ended June 30, 2023)

	Bond Funds			
	General Reserve	Rental Housing	Residential Housing Finance	
			Bonds	Pool 2
Cash flows from operating activities:				
Principal repayments on loans and program mortgage-backed securities	\$ -	\$ 34,221	\$ 145,376	\$ 59,080
Investment in loans and program mortgage-backed securities	-	(51,911)	(1,231,312)	(126,642)
Interest received on loans and program mortgage-backed securities	-	8,989	139,540	20,288
Fees and other income received	17,840	62	(29)	8,183
Salaries, benefits and other operating	(43,764)	(139)	(599)	(5,040)
Administrative reimbursement from funds	48,693	(1,475)	(19,782)	(3,721)
Deposits into funds held for others	38,881	-	-	-
Disbursements made from funds held for others	(38,443)	-	-	-
Interfund transfers and other assets	(5,522)	(55)	(1,341)	13,242
Net cash provided (used) by operating activities	17,685	(10,308)	(968,147)	(34,610)
Cash flows from noncapital financing activities:				
Proceeds from sale of bonds and notes	-	23,250	1,371,671	1,716,641
Principal repayment on bonds and notes	-	(13,430)	(198,205)	(1,668,302)
Interest paid on bonds, notes and leases	-	(2,030)	(92,913)	(3,774)
Financing costs paid related to bonds issued	-	(1)	(12,371)	(471)
Interest paid/received between funds	5	828	2,604	(3,699)
Principal paid/received between funds	-	-	-	-
Agency contribution to program funds	-	175	27,075	(27,250)
Transfer of cash between funds	(23,889)	-	-	8,889
Net cash provided (used) by noncapital financing activities	(23,884)	8,792	1,097,861	22,034
Cash flows from capital financing activities:				
Interest payments on leases and subscriptions	(297)	-	-	(9)
Principal payments on leases and subscriptions	(1,475)	-	-	(399)
Purchases of capital assets	(2,101)	-	-	(6)
Net cash provided (used) by capital financing activities	(3,873)	-	-	(414)
Cash flows from investing activities:				
Investment in real estate owned	-	-	(510)	(173)
Interest received on investments	4,231	1,417	11,473	7,111
Net gain (loss) on Sale of MBS Held for Sale and HOME Certificates	-	-	-	(22)
Proceeds from sale of mortgage insurance claims/real estate owned	-	-	1,901	738
Proceeds from maturity, sale or transfer of investment securities	25,000	452	328	926,278
Purchase of investment securities	(12,490)	-	-	(892,196)
Purchase of loans between funds	-	-	(9,008)	9,008
Net cash provided (used) by investing activities	16,741	1,869	4,184	50,744
Net increase (decrease) in cash and cash equivalents	6,669	353	133,898	37,754
Beginning of year	77,463	42,831	137,909	32,776
End of year	\$ 84,132	\$ 43,184	\$ 271,807	\$ 70,530

Bond Funds			General Reserve & Bond Funds Excluding Pool 3 Total For The Year Ended June 30, 2024	Residential Housing Finance Pool 3 Total For The Year Ended June 30, 2024	General Reserve & Bond Funds Total For The Year Ended June 30, 2024	General Reserve & Bond Funds Total For The Year Ended June 30, 2023
Homeownership Finance	Multifamily Housing	HOMES SM				
\$ 79,644	\$ 240	\$ -	\$ 318,561	\$ 6,462	\$ 325,023	\$ 341,667
-	-	-	(1,409,865)	(24,015)	(1,433,880)	(928,811)
36,234	562	-	205,613	291	205,904	146,879
-	-	-	26,056	14	26,070	23,708
(446)	(3)	-	(49,991)	(1,879)	(51,870)	(46,558)
(6,401)	(90)	-	17,224	(1,735)	15,489	5,858
-	-	-	38,881	-	38,881	37,450
-	-	-	(38,443)	-	(38,443)	(35,810)
(5,001)	-	-	1,323	(7,000)	(5,677)	6,096
104,030	709	-	(890,641)	(27,862)	(918,503)	(449,521)
-	-	-	3,111,562	-	3,111,562	2,431,739
(81,133)	(240)	(515)	(1,961,825)	-	(1,961,825)	(2,115,344)
(26,624)	(373)	(142)	(125,856)	-	(125,856)	(92,035)
-	-	-	(12,843)	-	(12,843)	(5,420)
98	-	-	(164)	164	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(15,000)	15,000	-	-
(107,659)	(613)	(657)	995,874	15,164	1,011,038	218,940
-	-	-	(306)	-	(306)	(367)
-	-	-	(1,874)	-	(1,874)	(1,490)
-	-	-	(2,107)	-	(2,107)	(2,324)
-	-	-	(4,287)	-	(4,287)	(4,181)
-	-	-	(683)	(16)	(699)	(439)
1,875	103	142	26,352	620	26,972	19,764
-	-	-	(22)	-	(22)	4,793
-	-	-	2,639	-	2,639	3,849
375	-	515	952,948	300	953,248	1,003,085
-	-	-	(904,686)	-	(904,686)	(995,786)
-	-	-	-	13,000	13,000	5,515
2,250	103	657	76,548	13,904	90,452	40,781
(1,379)	199	-	177,494	1,206	178,700	(193,981)
40,310	1,935	-	333,224	1,353	334,577	528,558
\$ 38,931	\$ 2,134	\$ -	\$ 510,718	\$ 2,559	\$ 513,277	\$ 334,577

(Continued)

MINNESOTA HOUSING FINANCE AGENCY

Supplementary Information

Statement of Cash Flows (in thousands)

General Reserve and Bond Funds (continued)

Year ended June 30, 2024 (with summarized comparative totals for year ended June 30, 2023)

	Bond Funds			
	General Reserve	Rental Housing	Residential Housing Finance	
			Bonds	Pool 2
Reconciliation of revenue over (under) expenses to net cash provided (used) by operating activities:				
Revenues over (under) expenses	\$ 23,248	\$ 7,975	\$ 120,883	\$ 15,693
Adjustments to reconcile revenues over (under) expenses to net cash provided (used) by operating activities:				
Amortization of premiums (discounts) and fees on program mortgage-backed securities	-	(188)	6,711	(1,399)
Amortization of proportionate share-Pension	153	-	-	-
Depreciation	2,696	-	-	415
Salaries and Benefits-Pensions	(258)	-	-	-
Provision for loan losses	-	(92)	249	2,118
Reduction in carrying value of certain low interest rate and/or deferred loans	-	(203)	17	(244)
Capitalized interest on loans and real estate owned	-	-	(212)	(123)
Changes in assets and liabilities:				
Decrease (increase) in loans receivable and program mortgage-backed securities, excluding loans transferred between funds	-	(17,690)	(1,085,936)	(67,562)
Decrease (increase) in interest receivable on loans	-	7	(6,287)	(333)
Increase (decrease) in accounts payable	410	(32)	(2,005)	3,140
Increase (decrease) in interfund payable, affecting operating activities only	(10,120)	(30)	(1,510)	13,878
Increase (decrease) in funds held for others	438	-	-	-
Other	1,118	(55)	(57)	(193)
Total	(5,563)	(18,283)	(1,089,030)	(50,303)
Net cash provided (used) by operating activities	\$ 17,685	\$ (10,308)	\$ (968,147)	\$ (34,610)

Bond Funds			General Reserve & Bond Funds Excluding Pool 3 Total For The Year Ended June 30, 2024	Residential Housing Finance Pool 3 Total For The Year Ended June 30, 2024	General Reserve & Bond Funds Total For The Year Ended June 30, 2024	General Reserve & Bond Funds Total For The Year Ended June 30, 2023
Homeownership Finance	Multifamily Housing	HOMES SM				
\$ 28,837	\$ 468	\$ -	\$ 197,104	\$ (13,981)	\$ 183,123	\$ 129,546
1,688	-	-	6,812	-	6,812	4,872
-	-	-	153	-	153	166
-	-	-	3,111	-	3,111	3,828
-	-	-	(258)	-	(258)	(6,294)
-	(1)	-	2,274	285	2,559	3,249
-	-	-	(430)	10,200	9,770	123
-	-	-	(335)	-	(335)	(751)
79,644	240	-	(1,091,304)	(17,553)	(1,108,857)	(587,144)
252	1	-	(6,360)	3	(6,357)	(2,354)
(1,390)	-	-	123	184	307	(687)
(5,000)	1	-	(2,781)	(7,000)	(9,781)	3,822
-	-	-	438	-	438	1,640
(1)	-	-	812	-	812	463
75,193	241	-	(1,087,745)	(13,881)	(1,101,626)	(579,067)
\$ 104,030	\$ 709	\$ -	\$ (890,641)	\$ (27,862)	\$ (918,503)	\$ (449,521)

Other Information

General Reserve and Bond Funds, Five Year Financial Summary (Unaudited)

	2020	2021	2022	2023	2024
Loans Receivable, net (as of June 30)					
Multifamily programs	\$ 314,588	\$ 363,128	\$ 382,833	\$ 428,939	\$ 464,829
Homeownership programs	510,358	447,542	447,134	469,287	445,109
Home Improvement programs	70,678	82,216	86,139	100,285	122,563
Total	<u>\$ 895,624</u>	<u>\$ 892,886</u>	<u>\$ 916,106</u>	<u>\$ 998,511</u>	<u>\$1,032,501</u>
Mortgage-backed securities (MBS), net at par (as of June 30)					
Program mortgage-backed securities	\$3,021,369	\$2,698,923	\$2,987,314	\$3,492,698	\$4,510,690
Warehoused mortgaged-backed securities	73,516	121,849	99,768	84,961	50,908
Total	<u>\$3,094,885</u>	<u>\$2,820,772</u>	<u>\$3,087,082</u>	<u>\$3,577,659</u>	<u>\$4,561,598</u>
Bonds Payable, net (as of June 30)					
Multifamily programs	\$ 63,295	\$ 72,880	\$ 62,110	\$ 82,245	\$ 91,825
Homeownership programs	3,390,509	3,287,503	3,414,180	3,699,631	4,827,586
Home Improvement programs	-	-	-	-	-
Total	<u>\$3,453,804</u>	<u>\$3,360,383</u>	<u>\$3,476,290</u>	<u>\$3,781,876</u>	<u>\$4,919,411</u>
MBS purchased at par and loans purchased or originated during year					
Multifamily programs	\$ 45,307	\$ 89,947	\$ 65,696	\$ 74,071	\$ 112,427
Homeownership programs	61,738	58,696	91,309	80,221	48,497
Program and warehoused mortgage-backed securities	837,103	791,619	913,030	661,214	591,615
Home Improvement programs	21,925	36,198	28,316	31,102	41,801
Total	<u>\$ 966,073</u>	<u>\$ 976,460</u>	<u>\$1,098,351</u>	<u>\$ 846,608</u>	<u>\$ 794,340</u>
Net Position (as of June 30)					
Total Net Position	\$ 913,336	\$ 868,414	\$ 619,861	\$ 492,196	\$ 493,284
Percent of total assets and deferred outflows of resources	19.8%	19.3%	14.2%	10.7%	8.6%
Revenues over expenses for the fiscal year	\$ 121,545	\$ (27,573)	\$ (237,848)	\$ (94,391)	\$ 16,088

Other Information

Contact Information (unaudited)

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