



West Virginia Housing Development Fund

(A discretely presented Component Unit of the State of West Virginia)

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Years Ended June 30, 2024 and June 30, 2023

Prepared By:
Trisha Hess
Senior Manager – Accounting
West Virginia Housing Development Fund

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
(A Component Unit of the State of West Virginia)**

Annual Comprehensive Financial Report

For the years ended June 30, 2024 and June 30, 2023

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INTRODUCTORY SECTION

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
AS OF JUNE 30, 2024**

Board of Directors

Elected Members

Jim Justice, Governor, State of West Virginia
Riley Moore, Treasurer, State of West Virginia
Patrick Morrissey, Attorney General, State of West Virginia
Kent Leonhardt, Commissioner of Agriculture, State of West Virginia

Appointed Members

Patrick Martin, Commercial Real Estate Agent with KLM Properties, Inc., Retired Market President with BB & T Bank (currently Truist Bank)
Robert Nistendirk, Member/Partner at Costanzo, Woomer, Nistendirk, PLLC, Certified Public Accountants
Kristina Raynes, Assistant Prosecuting Attorney, Putnam County Office of the Prosecuting Attorney
Allen Retton, Executive Vice President/Director of Commercial Banking, Wesbanco
Lynne Gianola, Member/Partner at Gianola, Harmon & Associates, PLLC
Troy Giatras, Member/Partner at The Giatras Law Firm, PLLC
Kellie Wooten, Retired Nationwide Insurance Agent/Owner, Certified Public Accountant

Internal Audit

Kelley Ridling, Senior Manager, Internal Audit

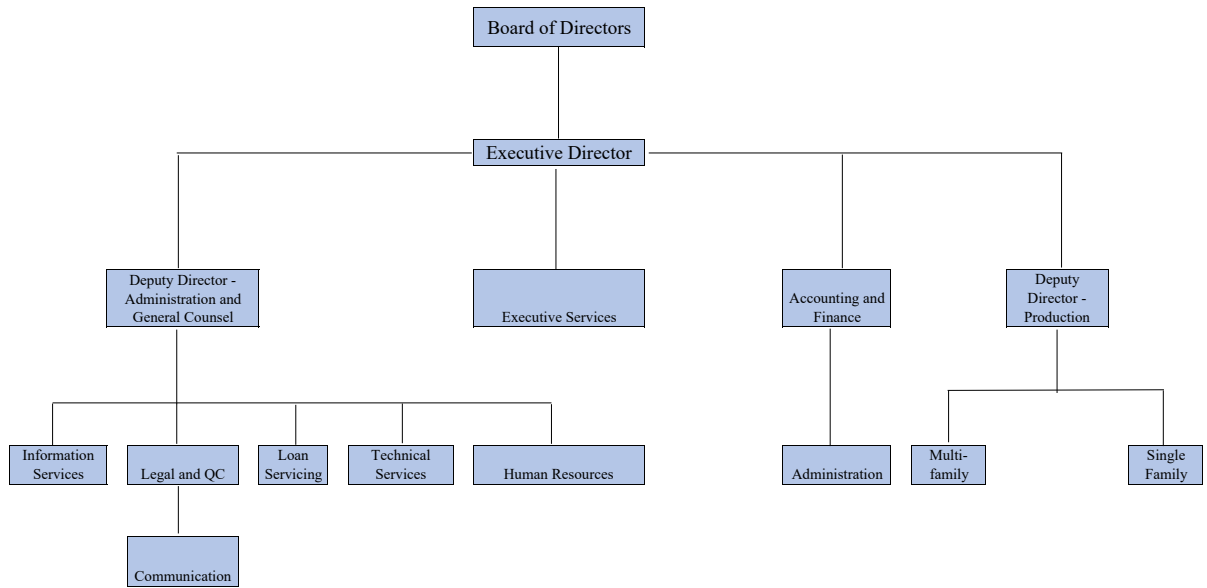
Principal Officers and Staff

Erica L. Boggess, Executive Director
Kristin Shaffer, Deputy Director - Administration & General Counsel
Nathan Testman, Deputy Director - Production
Jon Rogers, Senior Division Manager, Loan Origination
Tammy Bonham, Senior Division Manager, Loan Servicing
Alicia Deligne Massie, Senior Legal Counsel
Chad Leport, Division Manager, Finance & Federal Financial Administration
Trisha Hess, Senior Manager, Accounting
Dustin Shapero, Senior Manager – Information Services

Professional Consultants

United Bank, Inc., Trustee
Jackson Kelly PLLC, General Counsel
Hawkins, Delafield & Wood LLP, Bond Counsel
Suttle & Stalnaker, PLLC, CPAs, Independent Auditor

**West Virginia Housing Development Fund
Organizational Chart**





September 25, 2024

**To the Board of Directors
West Virginia Housing Development Fund**

The Annual Comprehensive Financial Report of the West Virginia Housing Development Fund (the Fund) for the fiscal year ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Fund. We believe the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the Statements of Net Position, Statements of Revenues, Expenses and Changes in Fund Net Position, and Statements of Cash Flows of the Fund, which is a proprietary type enterprise fund. All material disclosures necessary to enable the reader to gain an understanding of the Fund's financial activities have been included.

For financial reporting purposes, the Fund is included as a discreetly presented component unit of the primary government in the State of West Virginia's Annual Comprehensive Financial Report. Based on accounting principles generally accepted in the United States, the Fund has one component unit, the Welfare Benefit Plan, an irrevocable trust for postemployment benefits provided to the Fund's employees. The Fund's financial statement presentation includes the Welfare Benefit Plan as a fiduciary fund.

The Fund's management is responsible for establishing and maintaining internal controls. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements and assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with management's authorization and transactions are recorded properly to permit the preparation of financial statements in conformity with United States generally accepted accounting principles (US GAAP). Internal control is also designed to reduce, to an acceptable level, the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Management believes the Fund's internal accounting and operational controls adequately meet the above criteria.

The Fund is not subject to an appropriated budget by the State nor is it required to adopt a legally authorized, non-appropriated budget. However, for sound financial management and oversight purposes, an annual administrative budget is presented to and approved by the Board of Directors (the Board). Monthly, the Board reviews a comparison of actual and budgeted expenses to monitor the Fund's compliance with its administrative budget.

The Fund's financial statements have been audited by Suttle & Stalnaker, PLLC, CPAs. The independent auditor concluded, based upon the audit, the Fund's financial statements as of and for the fiscal year ended June 30, 2024, are fairly presented in conformity with US GAAP. The independent auditor's report expresses an unmodified opinion and is presented as the first component of the financial section of this report.

This letter of transmittal is designed to complement management's discussion and analysis and should be read in conjunction with it. The Fund's management's discussion and analysis can be found immediately following the independent auditor's report.

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PROFILE OF THE WEST VIRGINIA HOUSING DEVELOPMENT FUND

The Fund is a governmental instrumentality of the State of West Virginia (the State) and a public body corporate, created under the provisions of Article 18, Chapter 31 of the Code of West Virginia, 1931, as amended, and known as the West Virginia Housing Development Fund Act (the Act). Under the Act, the Fund's primary corporate purpose is to increase the supply of residential housing in the State for persons and families of low and moderate income. Additionally, the Fund is empowered by the Act to provide construction and permanent mortgage financing to public and private sponsors of such housing. The Fund is self-supporting and receives no appropriations from the State.

Since the creation of the Fund, the State Legislature has made several significant changes to the Act to enable the Fund to meet the State's changing housing needs and to participate in economic development. In 1985, it authorized the Fund to provide housing for persons of higher income, and provide temporary housing for homeless people, disaster victims, battered persons, families with hospitalized persons, students and handicapped persons. The Act was again amended in 1989 to grant the Fund significant new powers, including the making of loans for "nonresidential projects," which are broadly defined to include any project determined by the Fund as likely to foster and enhance economic growth and development in the State.

The Fund is governed by an 11-member Board of Directors consisting of the Governor, Attorney General, Commissioner of Agriculture and Treasurer, all of whom serve ex-officio as public directors, and seven members chosen as private directors from the general public residing in the State. All public directors may designate representatives to serve in their stead. The offices of Governor, Attorney General, Commissioner of Agriculture and Treasurer are elective, and the current terms of such offices expire in January 2025. The Governor, with the advice and consent of the State Senate, appoints private directors for staggered terms of four years. No more than four of the private directors may be from the same political party. The Act, as amended in January 2005, designates the Governor or his or her designee as the Chair of the Board of Directors. Furthermore, this amendment provides that the Governor shall appoint the executive director, with the advice and consent of the State Senate, and that the executive director will serve at the Governor's will and pleasure.

FINANCIAL CONDITION

Economic Impact

The Fund's core housing program and its primary source of revenue is its single family bond program. Mortgage loan balances and continued loan originations are key elements to future earnings. The U.S. economy, particularly the housing market and interest rate fluctuations, have had a significant impact on the Fund's operations during the past several years and staff expects this to continue into the coming year as well.

The Fund issues tax-exempt revenue bonds and through its network of banks, credit unions and independent mortgage companies lends the proceeds of these bonds to homebuyers throughout the State. The tax-exempt bond market typically provides for lower debt rates to the Fund. These lower rates are passed on to homebuyers in the form of lower rate mortgage loans. Thus, the Fund can offer a low-rate mortgage product that facilitates affordable housing by producing interest rates below typical bank rates.

In the summer of 2011, following the end of the 2007-2010 housing crisis, the country's mortgage rates dropped below 5% and continued to remain below that threshold for more than a decade, reaching an all-time low of 2.65% for the average 30-year mortgage in late 2020. Rates held steady until early 2022 when they began to increase, as a result of Federal Reserve action to fight inflation. Thirty-year mortgage rates increased from approximately 4% in April 2022 to more than 7% by the end of fiscal year 2024. With market rates rising out of historic lows, the tax-exempt status of the Fund's AAA-rated bonds began to produce rates below market rate to Fund borrowers resulting in significant increases in lending volume.

Mortgage loan balances in the Bond Programs increased \$82,211,000 in fiscal year 2023 and again significantly by \$225,373,000 in fiscal year 2024. Interest on loans in the Bond Programs increased \$2,509,000 in fiscal year 2023 and increased again by \$9,086,000 in fiscal year 2024. When prudent to do so, the Fund redeems or refunds bonds to lower its debt expense to help offset the loss in mortgage loan revenues. In 2023 and 2024, the Fund redeemed \$12,370,000 and \$9,525,000, respectively. In fiscal year 2023 and 2024, due to multiple bond issuances to meet the demand for new mortgage loans, debt expense increased by \$2,566,000 and \$8,207,000, respectively. Due to an uptick in rates during fiscal year 2023, investment earnings increased by \$4,292,000 and increased again in 2024 by \$5,265,000.

The Fund is proactively monitoring cash positions to ensure sufficient liquidity is maintained to meet the increased demand for single family mortgage loan originations during the current environment.

The Fund has long been very conservative in its business operations and as a result has achieved significant net positions across all of its various programs. This strong financial position helps the Fund through economic cycle fluctuations.

Financial Planning and Initiatives

The Fund continues to include its Movin' Up program as part of a long-term financial plan to increase mortgage loan balances but at a more reduced pace than the current single-family originations program. The program is a self-funding lending program as an alternative to dependency on the bond market. The program is designed to attract a different market to our single family loan program and provide a long-term increase in our mortgage loan balances. Unlike other single family bond programs the Fund offers, the Movin' Up Program does not have a first-time homebuyer restriction and has significantly higher income limits than other single family programs. Its target market is for moderate income buyers who may have outgrown their current homes and want to move up to a larger home or borrowers who want to downsize and provide the borrower with down payment and closing cost assistance. The Fund has experienced success in increasing loan volume in this program. The Movin' Up program added an additional \$23,219,000, and \$4,293,000 in mortgage loans to the Fund's assets in fiscal years 2023 and 2024, respectively.

The Fund is working to expand its multifamily lending portfolio to meet the growing demand for rental units in the State as well as add additional mortgage loans to the Fund's assets. The Fund added an additional \$6,209,000, \$6,913,000, and \$2,416,000 in new multifamily loan balances to the Fund's assets in fiscal years 2022, 2023 and 2024, respectively.

Investment interest rates increased during fiscal year 2024. However, rates are expected to decrease during fiscal year 2025. Due to the nature of the Fund's operations and investment practices, it is greatly affected by prevailing interest rates. The Fund actively manages its cash to maximize investment earnings with minimal or no risk to principal until cash is expended for program purposes and actively promote our programs to increase loan balances to continue to combat the challenges of the economy.

With the flexibility provided by the Fund's variety of programs and its substantial net position, the Fund is not solely dependent upon federal programs to carry out its purpose of providing housing. This flexibility allows the Fund to readily adapt itself to the ever-changing environment of federal programs and the needs of the people it serves.

As the Fund moves into fiscal 2025 and on into the future, the Fund will continue to search for new methods to expand its programs to provide adequate housing to the State's residents.

AWARDS AND DESIGNATIONS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fund for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the thirtieth consecutive year that the Fund has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Standard & Poor's Rating Services and Moody's Investors Service, Inc. rate the Fund's unsecured, long-term general obligation debt pledge "AAA" and "Aaa" respectively. These ratings are not assigned to any particular issue of debt; but rather, represent an overall credit assessment by the respective rating agencies of the Fund's general obligation debt pledge.

ACKNOWLEDGMENTS

The preparation of the Fund's Annual Comprehensive Financial Report is dependent on the support of the Accounting staff, the Internal Audit Department and the Fund's Board of Directors. We would like to express our appreciation to the Board and the staff on their contributions to this report and for their hard work and dedication throughout the year.

Respectfully, we hereby submit the West Virginia Housing Development Fund's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

Very truly yours,

WEST VIRGINIA HOUSING DEVELOPMENT FUND



Erica L. Boggess, CPA
Executive Director



Trisha Hess
Senior Manager –Accounting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

West Virginia Housing Development Fund

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Virginia Housing Development Fund
Charleston, West Virginia

Opinions

We have audited the accompanying financial statements of the business-type activities (enterprise fund) and fiduciary fund type activities of the West Virginia Housing Development Fund (the Fund), a component unit of the State of West Virginia, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (enterprise fund) and the fiduciary fund type activities of the Fund, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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. 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 Fund 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.

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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 Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Fund'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 Fund's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the proportionate share of the net pension liability (asset) PERS, the schedules of contributions to the PERS, the schedules of changes in net OPEB liability (asset) and related ratios - Welfare Benefit plan, the schedules of contributions to the Welfare Benefit plan, the schedules of annual rate of return on investments - Welfare Benefit plan, and the accompanying notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The other combining information as of and for the year ended June 30, 2024, as listed in the table of contents 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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other combining information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Charleston, West Virginia
September 18, 2024

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**WEST VIRGINIA HOUSING DEVELOPMENT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

INTRODUCTION

The West Virginia Housing Development Fund (the Fund) is a public body corporate with statewide responsibility for housing and operates a wide variety of programs to provide safe and affordable housing for residents and families in the State of West Virginia (the State). The Fund is a self-supporting agency and does not receive State appropriations for its operations. Through June 30, 2024, the Fund has provided assistance for almost 172,000 housing or housing-related units.

The permanent staff of the Fund consists of 114 persons as of June 30, 2024, including professional staff members qualified in the fields of accounting, finance, law, mortgage underwriting, mortgage loan servicing, secondary mortgage markets, planning, cost estimation, construction, inspection, and housing management. The Fund provides services in these fields for its programs as required and utilizes professional consulting services from time to time to supplement its own staff.

The Fund has 19 bond issues totaling \$683,195,000 par amount outstanding under its Housing Finance bond resolution. The bonds are rated "AAA" by Standard & Poor's Public Ratings Services (S&P) and "Aaa" by Moody's Investors Service, Inc. (Moody's).

The Fund's unsecured long-term general obligation debt pledge is rated "Aaa" by Moody's and "AAA" by S&P. The Fund is the first and only housing finance agency ever to receive such ratings on its long-term general obligation debt pledge. These ratings are not assigned to any particular issue of debt, but rather represent an overall credit assessment of the Fund's long-term general obligation pledge.¹

The financial transactions of the Fund related to its various programs are reported in the enterprise fund financial statements, which are more fully explained in the Notes to the Financial Statements. These programs consist of the General Account, Bond Programs, Other Loan Programs, Affordable Housing Fund, Land Development Program, Bond Insurance Account, and Federal Programs. These were established in accordance with the West Virginia Housing Development Fund Act (the Act), the bond resolution, or at management's discretion. The restricted net position of the Fund includes the net position of the Bond Programs, Affordable Housing Fund, Land Development Program, Bond Insurance Account, and Federal Programs, which are restricted by the bond resolution, the Act, or federal regulations. The Fund reports one fiduciary type fund, the Welfare Benefit Plan, an irrevocable trust for postemployment healthcare insurance benefits (OPEB) for the Fund's employees. The fiduciary fund's activities benefit the employees of the Fund and the fiduciary fund's resources are not available to support the various programs of the enterprise fund.

As management of the Fund, we offer readers of the Fund's enterprise fund financial statements the following narrative overview and analysis of the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Fund Net Position as of and for the years ended June 30, 2024, 2023, and 2022.

¹ An explanation of the Moody's ratings may be obtained by writing to Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; an explanation of the S&P ratings may be obtained by writing to Standard & Poor's Public Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will be maintained for any period of time or that such ratings will not be withdrawn or revised downward by Moody's or S&P if, in their judgment, circumstances so warrant. Such actions, if taken, could have an adverse effect on the market price of bonds issued by the Fund.

USING THIS REPORT

This report consists of a series of enterprise fund financial statements extracted from the audited financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Fund Net Position, and the Statements of Cash Flows. These statements provide information about the activities for each period presented.

The Fund prepares financial statements in conformity with accounting principles generally accepted in the United States of America for state housing finance enterprise funds. The enterprise fund Statements of Net Position represent the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources and include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the basis of accounting described above. Over time, increases or decreases in the net position are one indicator of whether financial status is improving, stable, or deteriorating. There are also other factors that should be considered when reviewing the operational results, such as changes in the interest rate environment, bond market, changes to state and federal laws governing the Fund's programs, changes to the tax code, and the real estate market in the State. The Statements of Revenues, Expenses, and Changes in Fund Net Position reflect revenues, such as interest on loans, loan-servicing fees, interest on investments, fees for the administration of federal financial awards programs, and expenses, such as loan fees, program expenses, administrative expenses, and interest on outstanding debt. The Notes to the Financial Statements provide information that is essential to fully understand the data provided in the financial statements.

FINANCIAL HIGHLIGHTS

Fiscal year 2024 was an impressive production year for the Fund. Lower interest rates offered to our borrowers gave us a competitive advantage over banks and lenders. To meet this demand, \$325,000,000 in single family bonds were issued to fund homeownership loans. Multi-family construction production also had an increase during the fiscal year. This increase in bond issuances and mortgage lending, had a significant impact throughout our Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position. Expenses and income related to the increase in production include the bond cost of issuance expenses, loan origination fees, service fees, interest and fee income. Assets and liabilities also fluctuated due to increased mortgage loan balances and debt outstanding.

Following is a comparison of the enterprise fund condensed Statements of Net Position at June 30:

(Dollars in thousands)	<u>2024</u>	<u>2023</u>	<u>2022</u>
ASSETS			
Current assets	\$ 190,211	\$ 166,703	\$ 201,282
Noncurrent assets:			
Mortgage loans & Restricted mortgage loans, net of allowance for losses	1,020,647	790,556	700,538
Restricted Federal Program mortgage loans, net of allowance for losses	70,879	64,220	64,434
Restricted cash and cash equivalents	112,097	76,104	57,626
Investments & Restricted investments	60,664	63,345	49,587
Capital assets, net of depreciation	7,168	7,350	7,619
Other assets & Restricted other assets, net of allowance for losses	1,895	2,855	5,354
Total assets	<u>1,463,561</u>	<u>1,171,133</u>	<u>1,086,440</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension and OPEB	<u>2,131</u>	<u>3,267</u>	<u>3,795</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	23,783	19,015	18,704
Accrued interest payable	4,048	2,040	1,260
Bonds payable	29,520	21,915	18,885
Noncurrent liabilities:			
Bonds & notes payable, net	654,168	368,057	267,521
Other liabilities	142,282	167,021	197,516
Total liabilities	<u>853,801</u>	<u>578,048</u>	<u>503,886</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension and OPEB	<u>632</u>	<u>367</u>	<u>5,283</u>
NET POSITION			
Net investment in capital assets	7,168	7,350	7,619
Net position - Restricted	476,559	470,784	464,577
Net position - Unrestricted	127,532	117,851	108,870
TOTAL NET POSITION	<u>\$ 611,259</u>	<u>\$ 595,985</u>	<u>\$ 581,066</u>

Below is additional discussion of the significant financial statement items and the changes in those items over the prior two years due to recent events and activities of the Fund, current economic factors, and other factors affecting financial and programmatic operations.

Current assets

The increase of \$23,508,000 (14.1%) in *Current assets* from 2023 to 2024 was primarily due to an increase of \$36,739,000 in cash for program disbursements and debt service, an increase of \$11,740,000 in cash due to a long-term investment reinvested as short-term, an increase of \$3,928,000 in funds held for others which includes insurance and tax accounts held on behalf of the Fund's various mortgagors, an increase of \$1,527,000 in accrued interest, an increase of \$80,000 in foreclosed property, an increase of \$33,000 in accounts receivable, a decrease of \$30,025,000 in federal funds, which includes COVID relief funds, a decrease of \$287,000 in cash held for the Federal Home Loan Bank of Pittsburgh's HOME 4 Good program, and a decrease of \$218,000 in the balance of Mortgage Loans Held for Sale.

The decrease of \$34,579,000 (17.2%) in *Current assets* from 2022 to 2023 was primarily due to a decrease of \$32,866,000 in federal funds, which includes COVID relief funds, a decrease in cash of \$4,395,000 for debt service, a \$739,000 decrease in accounts receivable, a decrease of \$557,000 in cash held for the Federal Home Loan Bank of Pittsburgh's HOME 4 Good program, a decrease of \$173,000 in foreclosed property, a decrease of \$20,000 in the balance of Mortgage Loans Held for Sale, an increase of \$1,469,000 in multifamily construction funds, an increase of \$1,334,000 in funds held for others which includes insurance and tax accounts held on behalf of the Fund's various mortgagors, an increase of \$971,000 in cash for program disbursements, and an increase of \$402,000 in accrued interest.

Mortgage loans & Restricted mortgage loans, net of allowance for losses

The increase of \$230,091,000 (29.1%) in *Mortgage loans & Restricted mortgage loans, net of allowance for losses* from 2023 to 2024 was primarily due to originations of \$318,121,000 exceeding loan repayments of \$84,352,000, foreclosures of \$2,008,000, and an increase in allowance for loan losses of \$1,670,000.

The increase of \$90,018,000 (12.8%) in *Mortgage loans & Restricted mortgage loans, net of allowance for losses* from 2022 to 2023 was primarily due to originations of \$174,204,000 exceeding loan repayments of \$81,607,000, foreclosures of \$2,325,000, and an increase in allowance for loan losses of \$254,000.

Restricted Federal Program mortgage loans, net of allowance for losses

This line item consists of the United States Department of Housing and Urban Development's (HUD) HOME Investment Program (HOME), National Housing Trust Fund (NHTF) and Emergency Rental Assistance mortgage loans. The fluctuations from year to year represent the net of program loan originations and repayments during the years presented.

Restricted cash and cash equivalents

The increase of \$35,993,000 (47.3%) in *Restricted cash and cash equivalents* from 2023 to 2024 was primarily due to a \$28,494,000 net increase in the balance of funds available to purchase single family mortgage loans related to the timing of bond issuances and an increase of \$7,499,000 in short-term funds related to funding capital reserve accounts as a part of bond issuances.

The increase of \$18,478,000 (32.1%) in *Restricted cash and cash equivalents* from 2022 to 2023 was primarily due to a \$20,084,000 net increase in the balance of funds available to purchase single family mortgage loans related to the timing of bond issuances and a decrease of \$1,606,000 in short-term funds on hand in 2022 invested long-term in 2023.

Investments & Restricted investments

The fluctuations in *Investments and Restricted investments* from year to year is the net effect of investment purchases, redemptions, maturities and amortization and the change in fair value of investments as required by governmental accounting standards. Certain investments are required to be recorded at fair value and the unrealized gains or losses are to be reported in the enterprise fund Statements of Revenues, Expenses and Changes in Fund Net Position.

The following summary illustrates the changes in *Investments & Restricted investments* as of June 30:

(Dollars in thousands)	2024	2023	2022
Balance at beginning of fiscal year	\$ 63,345	\$ 49,587	\$ 38,746
Sales and maturities	(58,395)	(37,313)	(1,063)
Purchases	56,043	52,231	16,638
Decrease in fair value of investments and amortizations	(329)	(1,160)	(4,734)
Balance at end of fiscal year	<u>\$ 60,664</u>	<u>\$ 63,345</u>	<u>\$ 49,587</u>

Capital assets, net of depreciation See Note A – Capital assets, net of depreciation

The decrease of \$182,000 (2.5%) from 2023 to 2024 was due to depreciation of the Fund’s office building, equipment, and software.

The decrease of \$269,000 (3.5%) from 2022 to 2023 was due to depreciation of the Fund’s office building, equipment, and software.

Other assets and Restricted other assets, net of allowance for losses

The decrease of \$960,000 (33.6%) in *Other assets and Restricted other assets, net of allowance for losses* from 2023 to 2024 was primarily due to a \$1,317,000 decrease in foreclosed properties, a decrease of \$71,000 due from Federal program reimbursements, and an increase in the net pension and OPEB (Other Postemployment Benefits) assets of \$414,000, and an increase of \$14,000 in prepaid expenses.

The decrease of \$2,499,000 (46.7%) in *Other assets and Restricted other assets, net of allowance for losses* from 2022 to 2023 was primarily due to a decrease in the net pension asset of \$3,538,000, a decrease in miscellaneous assets of \$12,000, a \$1,023,000 increase in foreclosed properties, and an increase of \$28,000 due from Federal program reimbursements.

Deferred outflows of resources related to pension and OPEB and Deferred inflows of resources related to pension and OPEB
See Note A – Accounting methods

Deferred outflows and inflows of resources are directly related to the activity described in Note F – Retirement Plan to the financial statements in accounting for the changes in the Fund’s proportionate share of the West Virginia Public Employees Retirement System’s net pension liability (asset) and in Note H – Other Postemployment Healthcare Benefits to the financial statements in accounting for the changes in the Fund’s net OPEB liability (asset).

Accounts payable and other liabilities

The increase of \$4,768,000 (25.1%) in *Accounts payable and other liabilities* from 2023 to 2024 was primarily due to an increase of \$4,615,000 in funds held for others, which includes tax and insurance accounts held on behalf of the Fund’s various mortgagors, an increase of \$433,000 in accrued expenses at year-end, an increase in the bond rebate liability of \$8,000, and a decrease of \$288,000 in cash held on behalf of the Federal Home Loan Bank of Pittsburgh (FHLB) for program disbursements to be used for its Home4Good program.

The increase of \$311,000 (1.7%) in *Accounts payable and other liabilities* from 2022 to 2023 was primarily due to an increase of \$1,137,000 in funds held for others, which includes tax and insurance accounts held on behalf of the Fund’s various mortgagors, a decrease of \$557,000 in cash held on behalf of the Federal Home Loan Bank of Pittsburgh (FHLB) for program disbursements to be used for its Home4Good program, a decrease of \$200,000 in accrued expenses at year-end, and a decrease in the bond rebate liability of \$69,000.

Bonds and notes payable, current and noncurrent

As illustrated in the following schedule, the changes in *Bonds and notes payable* were due to the early redemption of bonds, scheduled debt service payments, and new bonds and notes issued. The changes in the balance of bonds and notes payable and interest rates generally account for the fluctuations in *Accrued interest payable* in 2024 and 2023. See *Note D – Bonds Payable*.

Other liabilities

(Dollars in thousands)	2024	2023	2022
Balance at beginning of the fiscal year			
Bonds payable - current	\$ 21,915	\$ 18,885	\$ 22,285
Bonds payable - noncurrent	368,057	267,521	290,636
Debt issued: Housing Finance Bonds (including discount)	325,000	134,953	30,000
Other Loan Programs note payable	250	-	250
Debt paid: Scheduled debt service	(22,009)	(19,000)	(21,278)
Early redemptions	(9,525)	(12,370)	(35,530)
Other Loan Programs note payable allowance for losses ⁽¹⁾	-	(17)	43
Balance at end of the fiscal year	<u>\$ 683,688</u>	<u>\$ 389,972</u>	<u>\$ 286,406</u>
Bonds payable - current	\$ 29,520	\$ 21,915	\$ 18,885
Bonds & notes payable - noncurrent	654,168	368,057	267,521
Total bonds & notes payable	<u>\$ 683,688</u>	<u>\$ 389,972</u>	<u>\$ 286,406</u>

⁽¹⁾ See *Note D - Bonds Payable*

The decrease of \$24,739,000 (14.8%) in *Other liabilities* from 2023 to 2024 was due to the expenditure of \$27,105,000 in federal COVID relief funds for rental and homeowner assistance programs the Fund administers on behalf of the State, a decrease of \$587,000 in the net OPEB liability, a decrease of \$663,000 in the net pension liability, and an increase of \$3,616,000 due to Federal Program mortgage loan repayments and prepayments exceeding originations.

The decrease of \$30,495,000 (15.4%) in *Other liabilities* from 2022 to 2023 was due to the expenditure of \$31,596,000 in federal COVID relief funds for rental and homeowner assistance programs the Fund administers on behalf of the State, and a decrease in the net OPEB liability of \$261,000 and an increase of \$699,000 due to Federal Program mortgage loan repayments and prepayments exceeding originations, and an increase of \$663,000 in the net pension liability.

Total Net Position improved by \$14,919,000 (2.6%) from June 30, 2022 to June 30, 2023. From June 30, 2023 to June 30, 2024, **Total Net Position** improved by \$15,274,000 (2.6%) as the enterprise fund net position improved to \$611,259,000 at June 30, 2024.

Following is a comparison of condensed enterprise fund Statements of Revenues, Expenses, and Changes in Fund Net Position for the fiscal years ended June 30:

(Dollars in thousands)	2024	2023	2022
REVENUES			
Interest on loans	\$ 41,298	\$ 31,864	\$ 28,927
Pass-through grant revenue	120,408	150,693	191,700
Fee revenue	9,734	8,599	8,637
Net investment earnings (non-operating)	10,829	4,592	(2,723)
Other	886	875	1,207
Total Revenues	<u>183,155</u>	<u>196,623</u>	<u>227,748</u>
EXPENSES			
Pass-through grant expense	120,408	150,693	191,700
Interest and debt expense (non-operating)	18,316	9,923	7,357
Loan fees expense	9,053	5,185	4,209
Program expenses, net	8,654	5,757	4,332
Administrative expenses, net	11,450	10,146	6,034
Total Expenses	<u>167,881</u>	<u>181,704</u>	<u>213,632</u>
CHANGE IN NET POSITION	15,274	14,919	14,116
NET POSITION AT BEGINNING OF YEAR	<u>595,985</u>	<u>581,066</u>	<u>566,950</u>
NET POSITION AT END OF YEAR	<u>\$ 611,259</u>	<u>\$ 595,985</u>	<u>\$ 581,066</u>

Interest on loans

The increase in Interest on loans of \$9,434,000 (29.6%) from 2023 to 2024 was due to an increase in the volume of loans and an increase in the average mortgage loan rate.

The increase in Interest on loans of \$2,937,000 (10.2%) from 2022 to 2023 was due to an increase in the volume of loans and an increase in the average mortgage loan rate.

Pass through grant revenue and Pass through grant expense

This line item represents federal funds received and disbursed to sub-recipients under Federal Programs.

The decrease of \$30,285,000 (20.1%) from 2023 to 2024 was primarily due to a decrease of \$40,355,000 in program disbursements for federal COVID relief rental assistance programs the Fund is administering on behalf of the State, a decrease of \$374,000 in National Housing Trust Fund disbursements, an increase of \$5,337,000 in HOME disbursements, an increase of \$2,860,000 in Section 8 Housing Assistance Payments Program disbursements, an increase of \$2,196,000 in Community Development Block Grants (CDBG) disbursements, and an increase of \$51,000 in program disbursements for the federal COVID relief homeowner assistance program the Fund is administering on behalf of the State.

The decrease of \$41,007,000 (21.4%) from 2022 to 2023 was primarily due to a decrease of \$63,956,000 in program disbursements for federal COVID relief rental assistance programs the Fund is administering on behalf of the State, a decrease of \$858,000 in HOME disbursements, an increase of \$14,744,000 in program disbursements for the federal COVID relief homeowner assistance program the Fund is administering on behalf of the State, an increase of \$6,036,000 in Community Development Block Grants (CDBG) disbursements, an increase of \$2,591,000 in National Housing Trust Fund disbursements, and an increase of \$436,000 in Section 8 Housing Assistance Payments Program disbursements.

Fee revenue

The increase of \$1,135,000 (13.2%) in Fee revenue from 2023 to 2024 was primarily due to an increase of \$907,000 in mortgage loan processing fees, an increase of \$217,000 Section 8 fees, an increase of \$77,000 in Low-Income Housing Tax credit fees, a decrease of \$63,000 in Affordable Housing Fund fees, and a decrease of \$3,000 in foreclosure fees.

The decrease of \$38,000 (0.4%) in Fee revenue from 2022 to 2023 was primarily due to a decrease of \$140,000 in mortgage loan processing fees, a decrease of \$133,000 in Affordable Housing Fund fees, an increase of \$119,000 Section 8 fees, an increase of \$108,000 in Low-Income Housing Tax credit fees and an increase of \$8,000 in foreclosure fees.

Net investment earnings

Net investment earnings increased \$7,315,000 (268.6%) from 2022 to 2023 and increased \$6,237,000 (135.8%) from 2023 to 2024 in the comparison of revenues and expenses above. However, Net investment earnings include unrealized gains and losses in the fair value of investments for each of the fiscal years presented as required by United States Generally Accepted Accounting Principles (US GAAP). As shown in the schedule below, investment earnings, adjusted for the unrealized gains or losses, increased 212.0% from 2022 to 2023 and increased 83.3% from 2023 to 2024.

(Dollars in thousands)	June 30,		
	2024	2023	2022
Net investment earnings per operating statement	\$ 10,829	\$ 4,592	\$ (2,723)
Adjustments for unrealized loss on fair value of securities	753	1,725	4,748
Interest earned on investments	\$ 11,582	\$ 6,317	\$ 2,025
% Increase (Decrease) from prior year	83.3%	212.0%	

Interest and debt expense

The \$8,393,000 (84.6%) increase in Interest and debt expense from 2023 to 2024 was primarily due to debt issuances of \$325,250,000 exceeding \$22,009,000 in debt service and \$9,525,000 in redemptions.

The \$2,566,000 (34.9%) increase in *Interest and debt expense* from 2022 to 2023 was primarily due to debt issuances of \$134,953,000 exceeding \$19,000,000 in debt service and \$12,370,000 in redemptions.

Loan fees expense

The \$3,868,000 (74.6%) increase in *Loan fees expense* from 2023 to 2024 was primarily due to an increase in loan origination fees of \$2,666,000, an increase in service release fees of \$795,000, and an increase in service fees on loans of \$407,000.

The \$976,000 (23.2%) increase in *Loan fees expense* from 2022 to 2023 was primarily due to an increase in loan origination fees of \$669,000, an increase in service fees on loans of \$185,000, and an increase in service release fees of \$122,000.

Program expenses, net

The \$2,897,000 (50.3%) increase in *Program expenses, net* from 2023 to 2024 was primarily due to an increase of \$1,523,000 in cost of issuance expenses, an increase of \$1,447,000 in bad debt expense, an increase of \$571,000 in losses on sale of foreclosed properties, an increase of \$118,000 in Special Needs disbursements, an increase of \$101,000 in general program disbursements, a decrease of \$554,000 in Affordable Housing Fund disbursements, and a decrease of \$309,000 in expenses related to repairs and holding costs for foreclosed properties.

The \$1,425,000 (32.9%) increase in *Program expenses, net* from 2022 to 2023 was primarily due to an increase of \$1,115,000 in cost of issuance expenses, an increase of \$410,000 in Affordable Housing Fund disbursements, an increase of \$158,000 in expenses related to repairs and holding costs for foreclosed properties, an increase of \$24,000 in building expenses, a decrease of \$174,000 in losses on sale of foreclosed properties, a decrease of \$44,000 in general program disbursements, a decrease of \$33,000 in bad debt expense, and a decrease of \$28,000 in Special Needs disbursements.

Administrative expenses, net

The \$1,304,000 (12.9%) increase in *Administrative expenses, net* from 2023 to 2024 was primarily due to an increase of \$249,000 in professional services and temporary employees, an increase of \$112,000 in salary and benefit expenses, an increase in computer related expenses of \$90,000, a decrease in various administrative reimbursements of \$1,118,000 related to the administration of COVID relief funds, a decrease in pension and OPEB related expenses of \$204,000, a decrease of \$46,000 in general expenses, and a decrease of \$15,000 in travel expenses.

The \$4,112,000 (68.1%) increase in *Administrative expenses, net* from 2022 to 2023 was primarily due to an increase in pension and OPEB related expenses of \$1,447,000, an increase of \$199,000 in professional services and temporary employees, an increase of \$136,000 in general expenses, an increase of \$78,000 in travel expenses, an increase of \$23,000 in salary and benefit expenses, a decrease in various administrative reimbursements of \$2,300,000 related to the administration of COVID relief funds, a decrease in computer related expenses of \$52,000, and a decrease in compensated absences of \$20,000.

OVERVIEW OF THE ENTERPRISE FUND FINANCIAL STATEMENTS

COVID Relief Programs

In response to the housing crisis related to a global outbreak of COVID-19, a respiratory disease declared to be a pandemic (the Pandemic) by the World Health Organization, Congress enacted the Consolidated Appropriations Act, 2021 in December 2020 creating the Emergency Rental Assistance (ERA1) program to provide funding to assist households that were unable to pay rent or utilities. The Fund received the State's allocation of \$200 million under this Act to administer the rental assistance program on behalf of the State. As of June 30, 2024, \$87,240,000 of these funds have been disbursed for rental and utility assistance. These funds are included in pass through grant revenue and pass through grant expense and in restricted cash and cash equivalents. As of August 26, 2022, the Fund ceased accepting applications for rental and utility assistance and all activity under ERA1 ceased pursuant to the U.S. Treasury guidelines as of September 30, 2022.

In addition, in March 2021 Congress enacted the American Rescue Plan Act of 2021, which allocated an additional \$152,000,000 to the State for rental assistance for the Emergency Rental Assistance (ERA2) Program and \$50,000,000 in homeowner assistance for the Homeowners Assistance Fund (HAF), both of which the Fund administers on behalf of the State. Collectively, ERA1 and ERA2 are locally known as the Mountaineer Rental Assistance Program (MRAP). As of June 30, 2024, \$85,070,000 of the ERA2 funds has been disbursed for rental and utility assistance and \$3,580,000 for the development of multifamily rental units. In addition, \$36,389,000 of the HAF funds has been disbursed for mortgage and utility assistance. These funds are included in pass through grant revenue and pass through grant expense and in restricted cash and cash equivalents. As of May 8, 2024, the Housing Development Fund ceased accepting applications for assistance under the HAF Program.

Mortgage Lending

The Fund's Bond Programs are the core-housing programs and the primary source of income for the Fund. Various economic and regulatory factors such as prevailing economic conditions, mortgage interest rates, investment rates, the demand for housing, the cost of housing and of operating housing programs, the volume of mortgage lending activity in the State and other factors affecting the supply of housing in the State can create significant challenges for the Fund in both the Bond Programs and its overall operations.

The Fund's Movin' Up program is a long-term strategy intended to be a self-funding lending program as an alternative to dependency on the bond market and a method of assisting moderate income borrowers. The program is designed to attract a market to our single family loan program and provide a long-term increase in the Fund's mortgage loan balances. Unlike other single family bond programs the Fund offers, the Movin' Up Program does not have a first time homebuyer restriction and has significantly higher income limits than other single family programs offered. Its target market is moderate income buyers who may have outgrown their current homes and want to move up to a larger home and may provide the borrower with down payment and closing cost assistance.

In fiscal years 2020 and 2021, a decrease in interest rates contributed to an increase in the number of borrowers refinancing their mortgages. To a lesser extent, the decrease also reduced the Fund's competitive edge of mortgage rates and loan originations. The Fund's Bond Program mortgage loan balances decreased \$22,494,000 (3.8%) in fiscal year 2021 compared to 2020 due to borrowers refinancing loans due to a drop in interest rates. In fiscal year 2022, mortgage rates increased, and the Fund regained its competitive edge of mortgage rates and loan originations increased. The Fund's Bond Program mortgage loan balances increased \$13,505,000 (2.4%) in fiscal year 2022 as compared to fiscal year 2021 and increased \$82,211,000 (14.1%) in fiscal year 2023 as compared to fiscal year 2022. The Fund's Bond Program mortgage loan balances increased an additional \$225,373,000 (33.9%) in fiscal year 2024 as compared to fiscal year 2023. Mortgage loan balances and continued loan originations are key elements to future earnings potential.

The changes in Bond Programs mortgage loan balances from fiscal year 2022 through fiscal year 2024 are as follows:

(Dollars in thousands)			
	2024	June 30, 2023	2022
Beginning Balance	\$ 663,959	\$ 581,748	\$ 568,243
Repayments/Prepayments	(52,649)	(53,072)	(82,523)
Foreclosures	(4,353)	(2,898)	(2,372)
Originations	277,443	138,181	111,400
Interfund transfer	4,932	-	(13,000)
Ending Balance	<u>\$ 889,332</u>	<u>\$ 663,959</u>	<u>\$ 581,748</u>
% Increase from prior year	<u>33.9%</u>	<u>14.1%</u>	

The Fund continues to proactively monitor cash positions to ensure sufficient liquidity is maintained and to meet the increased demand for single family mortgage loan originations.

The Fund's single family Bond Program loans consist of 30-year fixed rate loans and no sub-prime loans. The median income of Fund single family borrowers is \$65,000 as of June 30, 2024. This income level tends to be impacted quicker than an average borrower during economic declines.

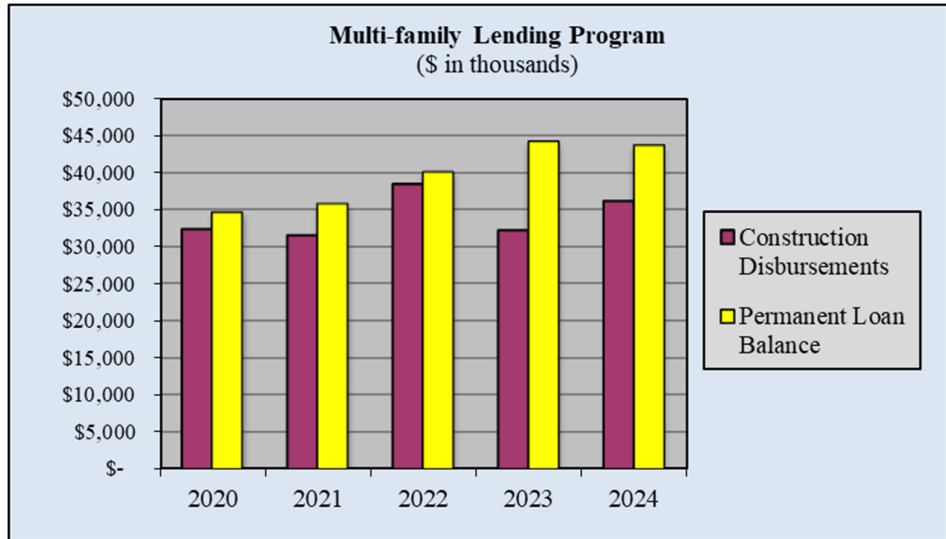
The ability of the Fund to pay debt service on bonds outstanding is heavily dependent on the receipt of mortgage payments from borrowers. However, the Fund maintains a Capital Reserve Fund in an amount no less than the highest aggregate debt service of any year on all outstanding Mortgage Finance Bonds. In addition, the Fund maintains the Bond Insurance Account, as required by the Act, to provide for the payment of debt service on Mortgage Finance Bonds, if necessary.

The Fund's Bond Program loan delinquency rates increased from 2022 to 2023 in the One-, Two- and Three-month categories and increased again from 2023 to 2024 as shown in the chart below. The Three + month category decreased in 2023 due to the expiration of the foreclosure moratorium and borrowers receiving assistance from the federal COVID relief HAF program. The Fund will continue to monitor delinquencies and increase communication with borrowers to control delinquencies where possible and/or modify loans as borrowers continue to deal with unemployment and other economic impacts.

Delinquency Rates					
WV Housing Development Fund					
Bond Programs					
As of June 30,					
	2024	2023	2022	WV*	USA*
<u>Months Past Due</u>				As of	
				June 30, 2024	
One	4.82%	3.70%	3.39%	3.19%	2.28%
Two	1.61%	1.45%	1.17%	0.90%	0.70%
Three	0.79%	0.43%	0.41%	1.29%	1.00%
Three +	3.47%	2.64%	3.81%	1.72%	1.43%
In foreclosure	0.12%	0.18%	0.35%	0.43%	0.43%

*Most current data available.

In response to a continual increase in the demand for affordable rental housing, the Fund provides financing for both construction and permanent financing of multifamily rental housing. Resources for this initiative are provided from Other Loan Programs, HOME, the National Housing Trust Fund, the Low-Income Housing Tax Credit Program and ERA2. Permanent loans financed from Other Loan Programs often carry United States Department of Agriculture (USDA) 538 loan guarantees. The Fund expects to continue its focus on financing rental housing into fiscal 2025 and future years.



Interest rates on new single family bond loans originated in fiscal year 2024 have averaged approximately 5.59%. Interest rates on new multifamily permanent loans originated in fiscal year 2024 have averaged approximately 4.51%. The average loan interest rate listed below shows the Bond Programs average for fiscal years 2022 through 2024.

Average Loan Interest Rate	
June 30, 2022	4.12%
June 30, 2023	4.41%
June 30, 2024	4.81%

Investments

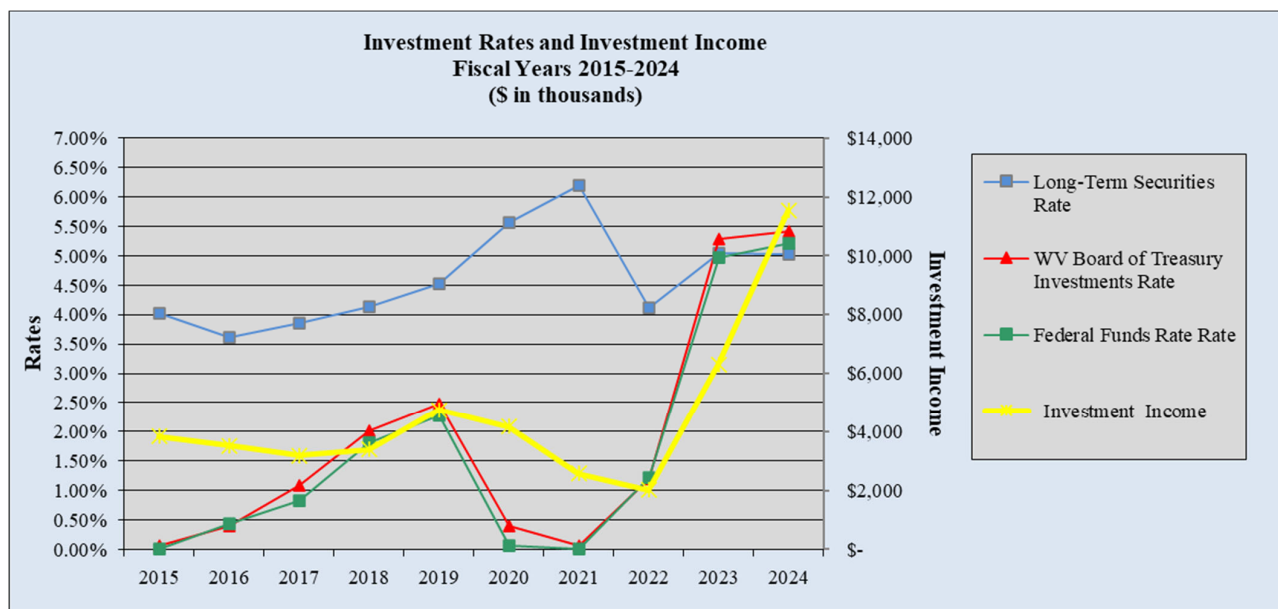
The Fund invests cash, as permitted by the Act, the bond resolution, and the Board approved Investment Policy. Funds related to the Bond Programs capital reserves and the Bond Insurance Account are primarily invested in long-term United States agency securities and FDIC insured money market accounts, which are expected to be held to maturity. Certain funds in the Bond Insurance Account and general operating funds are invested in mortgage loans held solely for investment. The interest earnings on these investment types are less affected by the fluctuation in short-term interest rates.

Loan proceeds and revenues of the Bond Programs, Other Loan Program, and operating funds are primarily on deposit with a bank, invested in FDIC insured money market accounts and short-term United States agency securities. All bank deposits are either FDIC insured or collateralized by permitted investments. The remaining funds are on deposit with the West Virginia Board of Treasury Investments (WVBOTI). Such funds are extremely sensitive to short-term interest rate fluctuations.

As shown in the following chart, the average investment rates for short-term investments and the WVBOTI have been consistent with the Federal Funds rate and have fluctuated accordingly.

Due to fluctuations in interest rates, investment earnings increased 83.3% from 2023 to 2024 and 212.0% from 2022 to 2023, net of unrealized gains or losses.

Below is a summary of the average investment rates from June 2015 to June 2024:



Debt Management (See Note D – Bonds Payable)

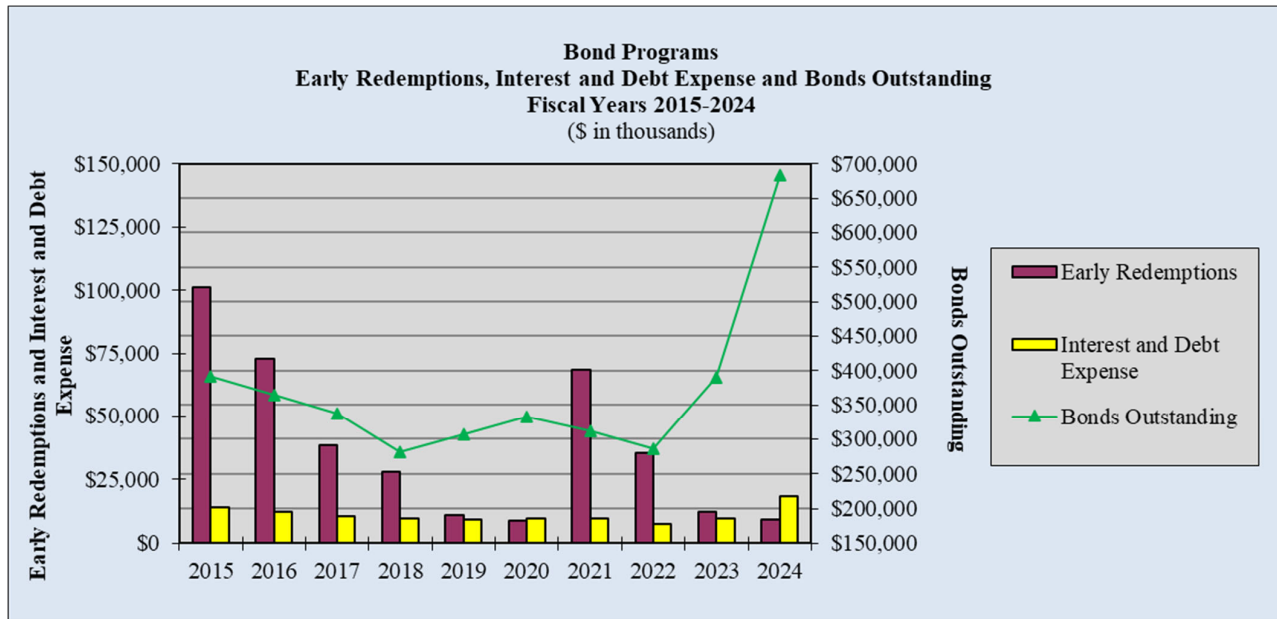
The Fund issues qualified mortgage revenue bonds to fund its single family Bond Programs. When bonds are issued, the initial proceeds are invested in short-term investments until the funds are used for the purchase of mortgage loans. Because short-term investment rates are typically lower than the long-term bond rates, this creates negative arbitrage. To reduce this negative arbitrage, the Fund delays the issuance of new bonds until absolutely necessary. The Fund sometimes uses general operating funds or other available funds as a warehouse line to purchase new loans in anticipation of bond sales.

When bonds are issued from the bond volume allocation, known as “new money” bonds, certain repayments and prepayments of mortgage loans made from these proceeds may be “recycled” into additional mortgage loans for ten years. The Fund uses recycling to supplement its bond issues by using prepayments for additional mortgage loans instead of issuing debt. If the market interest rates on mortgages are lower than the corresponding bond rates, the Fund may redeem bonds in lieu of recycling. However, if mortgage rates are higher than the corresponding bond rates the Fund may redirect prepayments into additional mortgage loans in lieu of redeeming bonds. Moving forward into fiscal year 2025 the Fund expects to continue to recycle mortgage loan repayments from its bond issues when it is economically prudent to do so.

During fiscal years 2022, 2023 and 2024, the Fund redeemed \$35,530,000, \$12,730,000 and \$9,525,000 in bonds, respectively. By actively redeeming bonds, the Fund offsets the impact of reduced mortgage loan balances and rates.

Interest and debt expense was \$7,357,000, \$9,923,000 and \$18,316,000 in fiscal years 2022, 2023 and 2024, respectively. Interest and debt expense increased in 2023 as compared to 2022 due to bond issuances of \$134,953,000 exceeding debt service of \$19,000,000 and \$12,370,000 in redemptions. Interest and debt expense increased in 2024 as compared to 2023 due to bond issuances of \$325,250,000 exceeding debt service of \$22,009,000 and \$9,525,000 in redemptions.

The following chart illustrates early bond redemptions, interest and debt expense and bonds outstanding in the Bond Programs.



Other

The Fund services all of its outstanding mortgage loans and services loans on behalf of Fannie Mae, the Federal Home Loan Bank of Pittsburgh and various non-profit organizations. The Fund is the largest loan servicer located in the State with serviced loans of \$1.4 billion. Servicing fee income in the amount of \$3,111,000 represents 4.96% of the Fund’s total revenues, net of pass through grant revenue, for the fiscal year ended June 30, 2024.

OVERVIEW OF THE FIDUCIARY FUND FINANCIAL STATEMENTS

The Fund has one fiduciary fund, the Welfare Benefit Plan, which is an irrevocable trust for postemployment healthcare benefits for employees. These funds are not available to support the Fund’s enterprise activities. The accounting used for fiduciary funds is much like that used for enterprise funds.

Net position restricted for other postemployment benefits improved by \$343,000 (5.3%) from June 30, 2022 to June 30, 2023. From June 30, 2023 to June 30, 2024, Net position restricted for other postemployment benefits improved by \$554,000 (8.2%) to \$7,324,000 at June 30, 2024.

The fiduciary fund financial statements Plan is discussed in greater detail in *Note H – Other Postemployment Healthcare Benefits*.

CONTACTING THE FUND’S FINANCIAL MANAGEMENT

The above financial highlights are designed to provide a general overview of the Fund’s operations and insight into the following financial statements. Additional information may be requested by contacting the Executive Director, West Virginia Housing Development Fund, at 5710 MacCorkle Ave. SE, Charleston, WV 25304, or may be found on our website at www.wvhdf.com.

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WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENTS OF NET POSITION
(Dollars in Thousands)

	June 30,	
	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets:		
Cash and cash equivalents-- (Notes A and C)	\$ 19,141	\$ 14,872
Accrued interest on loans	899	1,216
Accounts receivable and other assets, net of allowance for losses-- (Note A)	1,665	1,563
Mortgage loans held for sale-- (Note A)	-	218
Restricted cash and cash equivalents-- (Notes A and C)	164,280	146,455
Restricted accrued interest on loans	3,392	2,059
Restricted accrued interest on investments	834	320
Total current assets	<u>190,211</u>	<u>166,703</u>
Noncurrent assets:		
Mortgage loans, net of allowance for losses-- (Note A)	117,011	109,527
Capital assets, net of depreciation-- (Note A)	7,168	7,350
Restricted cash and cash equivalents-- (Notes A and C)	112,097	76,104
Restricted investments-- (Notes A and C)	60,664	63,345
Restricted mortgage loans, net of allowance for losses-- (Note A)	974,515	745,249
Restricted other assets, net of allowance for losses-- (Notes A, F and H)	1,895	2,855
Total noncurrent assets	<u>1,273,350</u>	<u>1,004,430</u>
Total assets	<u>1,463,561</u>	<u>1,171,133</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension and OPEB-- (Notes A, F and H)	<u>2,131</u>	<u>3,267</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities-- (Note A)	23,783	19,015
Accrued interest payable	4,048	2,040
Bonds payable-- (Note D)	29,520	21,915
Total current liabilities	<u>57,351</u>	<u>42,970</u>
Noncurrent liabilities:		
Other liabilities-- (Notes A, F and H)	142,282	167,021
Bonds & notes payable-- (Note D)	654,168	368,057
Total noncurrent liabilities	<u>796,450</u>	<u>535,078</u>
Total liabilities	<u>853,801</u>	<u>578,048</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension and OPEB-- (Notes A, F and H)	<u>632</u>	<u>367</u>
NET POSITION		
Restricted for debt service	409,809	397,878
Restricted by state statute	66,336	72,906
Restricted for pension and OPEB	414	-
Net investment in capital assets	7,168	7,350
Unrestricted	127,532	117,851
Total net position	<u>\$ 611,259</u>	<u>\$ 595,985</u>

The accompanying notes to financial statements are an integral part of these statements.

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
PROPRIETARY FUND TYPE - ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
(Dollars in Thousands)**

	For the fiscal years ended June 30,	
	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Interest on loans	\$ 41,298	\$ 31,864
Pass-through grant revenue-- (Note A)	120,408	150,693
Fee revenue-- (Note A)	9,734	8,599
Other-- (Note A)	886	875
	<u>172,326</u>	<u>192,031</u>
OPERATING EXPENSES		
Pass-through grant expense-- (Note A)	120,408	150,693
Loan fees expense-- (Note A)	9,053	5,185
Program expenses, net-- (Note A)	8,654	5,757
Administrative expenses, net-- (Note A)	11,450	10,146
	<u>149,565</u>	<u>171,781</u>
OPERATING INCOME	22,761	20,250
NON-OPERATING - FINANCING AND INVESTING (EXPENSES) REVENUES		
Investment earnings:		
Interest	11,582	6,317
Net decrease in the fair value of investments	(753)	(1,725)
Net investment earnings	<u>10,829</u>	<u>4,592</u>
Interest and debt expense	(18,316)	(9,923)
	<u>(7,487)</u>	<u>(5,331)</u>
CHANGE IN NET POSITION	<u>15,274</u>	<u>14,919</u>
NET POSITION AT BEGINNING OF YEAR	<u>595,985</u>	<u>581,066</u>
NET POSITION AT END OF YEAR	<u>\$ 611,259</u>	<u>\$ 595,985</u>

The accompanying notes to financial statements are an integral part of these statements.

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 STATEMENTS OF CASH FLOWS
 (Dollars in Thousands)**

	For the fiscal years ended	
	June 30,	
	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from lending activities	\$ 133,472	\$ 119,655
Receipts from other operating activities	7,670	6,476
Receipts from escrows and advance activities ⁽¹⁾	40,717	43,337
Disbursements from escrows and advance activities ⁽¹⁾	(37,086)	(42,401)
Receipts for federal lending activities	10,764	8,570
Receipts for federal activities	78,076	120,025
Disbursements for federal activities	(99,489)	(135,631)
Purchase of mortgage loans	(334,945)	(182,782)
Purchase of mortgage loans held for sale	(7,102)	(2,808)
Sales of mortgage loans	7,320	2,828
Payments to employees for salaries and benefits	(8,759)	(8,104)
Payments to vendors	(22,947)	(29,940)
Net cash provided by (used in) operating activities	<u>(232,309)</u>	<u>(100,775)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net proceeds from bonds and notes	343,250	134,953
Retirement of bonds and notes	(49,534)	(31,370)
Interest paid	(16,308)	(9,142)
Net cash provided by (used in) noncapital financing activities	<u>277,408</u>	<u>94,441</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of investments	58,395	37,313
Purchase of investments	(56,043)	(52,229)
Net investment earnings	10,636	5,682
Net cash provided by (used in) investing activities	<u>12,988</u>	<u>(9,234)</u>
Net increase (decrease) in cash and cash equivalents	58,087	(15,568)
Cash and cash equivalents at beginning of year	237,431	252,999
Cash and cash equivalents at end of year	<u>\$ 295,518</u>	<u>\$ 237,431</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 19,141	\$ 14,872
Restricted cash and cash equivalents - current	164,280	146,455
Restricted cash and cash equivalents - noncurrent	112,097	76,104
	<u>\$ 295,518</u>	<u>\$ 237,431</u>

⁽¹⁾ See Note A, *Restricted cash and cash equivalents*

The accompanying notes to financial statements are an integral part of these statements.

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 STATEMENTS OF CASH FLOWS (CONTINUED)
 (Dollars in Thousands)**

	For the fiscal years ended	
	June 30,	
	<u>2024</u>	<u>2023</u>
Reconciliation of operating income to net cash provided by		
(used in) operating activities:		
Operating income	\$ 22,761	\$ 20,250
Adjustments to reconcile operating income to net cash provided by		
(used in) operating activities:		
Change in assets and liabilities:		
Accrued interest on loans	317	(484)
Mortgage loans held for sale	218	21
Other assets	288	1,189
Allowance for losses on other assets	4	(7)
Restricted accrued interest on loans	(1,333)	84
Restricted other assets	1,641	2,323
Allowance for (recovery of) losses on restricted other assets	(354)	176
Mortgage loans	(6,275)	(7,832)
Allowance for losses on mortgage loans	(1,210)	(1,092)
Restricted mortgage loans	(232,471)	(84,781)
Allowance for losses on restricted mortgage loans	3,205	3,901
Accounts payable	4,768	360
Other liabilities, federal programs	(23,488)	(30,897)
Deferred outflows of resources - pension and OPEB	1,136	528
Deferred inflows of resources - pension and OPEB	(265)	(4,916)
Other liabilities, pension and OPEB	(1,251)	402
Net cash provided by (used in) operating activities	<u>\$ (232,309)</u>	<u>\$ (100,775)</u>
 Noncash investing and financing activities:		
Decrease in fair value of investments	\$ (746)	\$ (1,793)
Net amortization of (discounts) premiums on investments	416	(569)

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
 FIDUCIARY FUND TYPE - WELFARE BENEFIT PLAN
 STATEMENTS OF FIDUCIARY NET POSITION
 (Dollars in Thousands)**

	June 30,	
	<u>2024</u>	<u>2023</u>
ASSETS		
Restricted cash and cash equivalents	\$ 841	\$ 904
Restricted accrued interest on investments	56	34
Restricted investments:		
U.S. Treasury securities	4,475	2,944
Federal agency securities	730	1,192
Certificates of deposit	1,240	1,699
Total restricted investments	<u>6,445</u>	<u>5,835</u>
Total restricted assets	<u>7,342</u>	<u>6,773</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	<u>18</u>	<u>3</u>
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS		
	<u>\$ 7,324</u>	<u>\$ 6,770</u>

The accompanying notes to financial statements are an integral part of these statements.

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
 FIDUCIARY FUND TYPE - WELFARE BENEFIT PLAN
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 (Dollars in Thousands)**

	For the fiscal years ended June 30,	
	<u>2024</u>	<u>2023</u>
ADDITIONS		
Contributions - employer	\$ 401	\$ 450
Investment income (loss):		
Interest	239	141
Net increase (decrease) in fair value of investments	<u>110</u>	<u>(55)</u>
Net investment income (loss)	<u>349</u>	<u>86</u>
Total additions	750	536
DEDUCTIONS		
Benefits	158	169
Administrative expenses	<u>38</u>	<u>24</u>
Total deductions	<u>196</u>	<u>193</u>
NET INCREASE IN FIDUCIARY NET POSITION	554	343
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS		
BEGINNING OF YEAR	<u>6,770</u>	<u>6,427</u>
END OF YEAR	<u>\$ 7,324</u>	<u>\$ 6,770</u>

The accompanying notes to financial statements are an integral part of these statements.

WEST VIRGINIA HOUSING DEVELOPMENT FUND
NOTES TO FINANCIAL STATEMENTS, AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
June 30, 2024

NOTE A – AGENCY DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES

The West Virginia Housing Development Fund (the Fund) is a governmental instrumentality of the State of West Virginia (the State) and a public body corporate, created under the provisions of Article 18, Chapter 31 of the Code of West Virginia, 1931, as amended, and known as the West Virginia Housing Development Fund Act (the Act). Under the Act, the Fund's corporate purposes primarily relate to providing various housing programs. The Fund can also finance non-residential projects as defined in the Act.

The Fund is governed by a Board of Directors consisting of the Governor, Attorney General, Commissioner of Agriculture, and Treasurer of the State, all of whom serve ex-officio as public directors, and seven members, chosen by the Governor with the advice and consent of the State Senate, as private directors from the general public residing in the State. The Act designates the Governor or his or her designee as the Chair of the Board of Directors and provides that the Governor shall appoint the Executive Director, with the advice and consent of the State Senate, and that the Executive Director will serve at the Governor's will and pleasure.

The Fund receives no appropriations from the State; however, it is included as a discretely presented component unit of the primary government in the State's Annual Comprehensive Financial Report. The reporting entity for the Fund includes its Enterprise Fund and Welfare Benefit Plan. In defining the Fund for financial reporting purposes, management considered all potential component units. Based on the criteria of accounting principles generally accepted in the United States, the Fund has one component unit, the Welfare Benefit Plan, an irrevocable trust for postemployment healthcare insurance benefits provided to the Fund's employees. The Fund's financial statement presentation includes the Welfare Benefit Plan as a fiduciary fund.

The various programs of the Fund consist of the General Account, the Bond Programs, Other Loan Programs, Affordable Housing Fund, Land Development Program, Bond Insurance Account, and Federal Programs.

The General Account includes the results of the Fund's loan servicing operations, administrative expenses of the Fund's operations, operations of the Fund's building, fee income related to the administration of the Section 8 Housing Assistance Payments Programs (HAPs Program) and the Low-Income Housing Tax Credit Program, and Single Family mortgage loans remaining after the retirement of the corresponding bonds.

The Bond Programs include the activities of the single-family bond programs under the Housing Finance Bond Program resolution, the purpose of which is to provide affordable housing throughout the State. Assets and revenues of the Bond Programs are restricted, subject to the provisions of the bond resolution, and are available for other purposes only to the extent they are not required to meet specified reserve and funding provisions of the resolution.

Other Loan Programs include the Down Payment and Closing Cost Assistance Program, Secondary Market Program, Multifamily Lending Program, Low-Income Assisted Mortgage Program, On-Site Septic Systems Loan Program and the Special Assistance Lending Program, all of which have been financed from the general reserves of the Fund.

The Affordable Housing Fund was created by the State Legislature in 2018 through the transfer of operations of the West Virginia Affordable Housing Trust Fund to the Fund effective June 8, 2018. The Affordable Housing Fund's purpose is to provide funding for both technical assistance and housing assistance to 501(C)(3) non-profits, public housing authorities and government entities to encourage stronger partnerships, collaboration and greater involvement of local communities in meeting housing needs in the State. The Affordable Housing Fund receives a fee of twenty dollars on the transfer of real property and on the sale of factory-built homes by licensed dealers and is restricted by State statute. The transfer fees are required to be set aside in a special purpose account for the sole benefit of the Affordable Housing Fund.

The Land Development Program was established by the Act in 1973 with a \$2,000,000 appropriation from the State Legislature from which the Fund can make below-market interest rate loans to developers to acquire and improve land for residential housing and non-residential construction. The Land Development Program includes the West Virginia Property Rescue Initiative Program and is restricted by State statute. The Land Development Program is included in the Fund's financial statements but is kept separate and apart from all other accounts of the Fund and the State.

The Bond Insurance Account was created by the Act as a special trust fund within the State Treasury designated as the “Mortgage Finance Bond Insurance Fund” and was established to provide for the payment of principal and interest in the event of default by the Fund on “Mortgage Finance Bonds,” as defined in the Act. The Bond Insurance Account is restricted by State statute and is under the supervision of the West Virginia Municipal Bond Commission (the “Bond Commission”). The Bond Insurance Account is included in the Fund’s financial statements but is kept separate and apart from all other accounts of the Fund, the Bond Commission, and the State. The only Mortgage Finance Bonds currently outstanding are in the Housing Finance Bond Program.

Federal Programs include the United States Department of Housing and Urban Development’s (HUD) HOME Investment Program (HOME), National Housing Trust Fund (NHTF), HOME American Rescue Plan (ARP), Tax Credit Assistance Program (TCAP), HAPs Program and the U.S. Treasury’s Tax Credit Exchange Program (TCEP) for which the Fund acts as program administrator. These programs are funded solely through federal monies and are restricted by Federal regulations.

Additionally, in response to the housing crisis related to the COVID-19 Pandemic, Congress enacted the Consolidated Appropriations Act, 2021 in December 2020 creating the Emergency Rental Assistance (ERA1) program to provide funding to assist households that are unable to pay rent or utilities. The Fund received the State’s allocation of \$200 million under this Act to administer the rental assistance program on behalf of the State. As of August 26, 2022, the Fund ceased accepting applications for rental and utility assistance and all activity under ERA1 ceased pursuant to the U.S. Treasury guidelines as of September 30, 2022. As of June 30, 2024, \$87,240,000 of these funds had been disbursed for rental and utility assistance.

In addition, in March 2021 Congress enacted the American Rescue Plan Act of 2021, which allocated an additional \$152,000,000 to the State for the Emergency Rental Assistance (ERA2) Program and \$50,000,000 in homeowner’s assistance for the Homeowners Assistance Fund (HAF), both of which the Fund administers on behalf of the State. Collectively, ERA1 and ERA2 are locally known as the Mountaineer Rental Assistance Program (MRAP). As of June 30, 2024, \$85,070,000 of the ERA2 funds have been disbursed for rental and utility assistance and \$3,580,000 has been disbursed for the production of multifamily rental units. In addition, \$36,389,000 of the HAF funds has been disbursed for mortgage and utility assistance. As of May 8, 2024, the Housing Development Fund ceased accepting applications for assistance under the HAF Program.

Accounting methods: The accounting policies of the Fund conform to accounting principles generally accepted in the United States and to accounting principles for state housing finance agency enterprise funds. The various programs were established in accordance with the Act, the bond resolution, or at management’s discretion. The financial statements of the enterprise fund and the fiduciary fund are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, which requires recognition of revenue when earned and expenses when incurred.

Estimates: Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with accounting principles generally accepted in the United States (US GAAP). The significant estimates and assumptions are those required in the determination of the allowance for losses for the following items: accounts receivable and other assets, mortgage loans, restricted mortgage loans, and restricted other assets. Actual results in the near-term could differ significantly from those estimates.

Cash and cash equivalents: The Fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. This includes cash, certificates of deposit, short-term agency notes, and deposits with the West Virginia Board of Treasury Investments (WVBOTI).

Accounts receivable and other assets, net of allowance for losses include accounts receivables, land for housing purposes and foreclosed properties, net of an allowance for estimated probable declines in net realizable value.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	Allowance	Net	Balance	Allowance	Net
Accounts receivable and other Assets:						
Accounts receivable	\$ 1,509	\$ (5)	\$ 1,504	\$ 1,483	\$ (1)	\$ 1,482
Land	117	(58)	59	117	(58)	59
Foreclosed property	102	-	102	22	-	22
Total	<u>\$ 1,728</u>	<u>\$ (63)</u>	<u>\$ 1,665</u>	<u>\$ 1,622</u>	<u>\$ (59)</u>	<u>\$ 1,563</u>

Mortgage loans held for sale: In its Secondary Market Program, the Fund purchases and sells fixed-rate mortgage loans, primarily to Fannie Mae and Federal Home Loan Bank of Pittsburgh, on a servicing retained basis. The sale price is determined at the date of commitment and the commitment period generally ranges from 30 to 90 days. Mortgage loans held for sale are carried at the lower of aggregate cost or estimated fair value.

Enterprise fund Restricted cash and cash equivalents represents monies the Fund holds on behalf of others, restricted by the Act or by the bond resolution. Included in this line item are tax and insurance escrows held on behalf of the Fund's various mortgagors and payments collected on mortgages for which the Fund acts as servicer only. The Fund is obligated to expend these monies on escrowed items or remit them to the appropriate investors in the case of mortgage loans serviced for the benefit of others. Also included in Restricted cash and cash equivalents are federal and other housing program funds, including COVID relief funds, for which the Fund acts as grantee or agent. The total funds held on behalf of others were \$92,112,000 at June 30, 2024 and \$118,498,000 at June 30, 2023. Restricted cash and cash equivalents to be used for the acquisition of noncurrent assets, such as mortgage loans or investments, are classified as Noncurrent assets.

Fiduciary fund Restricted cash and cash equivalents represents monies held in an irrevocable trust for postemployment healthcare insurance benefits for Fund employees. These funds are not available to support the various programs of the enterprise fund.

Mortgage loans, net of allowances for losses: These loans consist primarily of unrestricted mortgage loans made under the General Account and Other Loan Programs. The Fund provides for possible losses on loans based on management's review of potential problem loans. The allowance for loan losses is shown below.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	Allowance	Net	Balance	Allowance	Net
Unrestricted Mortgage Loans:						
General Account	\$ 8,796	\$ (1,953)	\$ 6,843	\$ 10,020	\$ (2,640)	\$ 7,380
Other Loan Programs	119,311	(9,143)	110,168	111,812	(9,665)	102,147
Total	<u>\$ 128,107</u>	<u>\$ (11,096)</u>	<u>\$ 117,011</u>	<u>\$ 121,832</u>	<u>\$ (12,305)</u>	<u>\$ 109,527</u>

Capital assets, net of depreciation include land, buildings, equipment, furnishings and computer software that are stated at their original cost less accumulated depreciation. Capital asset expenditures of \$20,000 or more with a useful life greater than 1 year are capitalized at cost and reported net of accumulated depreciation. Depreciation is computed using the straight-line method over the useful lives of the assets, which is 40 years for the building and from 3 to 10 years for furniture, equipment and software.

(Dollars in thousands)	June 30, 2023	Additions	Deletions	June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 1,810	\$ -	\$ -	\$ 1,810
Total capital assets, not being depreciated	<u>1,810</u>	<u>-</u>	<u>-</u>	<u>1,810</u>
Capital assets, being depreciated:				
Buildings	7,810	-	(72)	7,738
Equipment and furnishings	1,513	53	-	1,566
Computer software	814	-	(814)	-
Total capital assets, being depreciated	<u>10,137</u>	<u>53</u>	<u>(886)</u>	<u>9,304</u>
Less accumulated depreciation for:				
Buildings	(2,349)	(175)	-	(2,524)
Equipment and furnishings	(1,441)	-	19	(1,422)
Computer software	(807)	-	807	-
Total accumulated depreciation	<u>(4,597)</u>	<u>(175)</u>	<u>826</u>	<u>(3,946)</u>
Total capital assets being depreciated, net	<u>5,540</u>	<u>(122)</u>	<u>(60)</u>	<u>5,358</u>
Total capital assets, net	<u>\$ 7,350</u>	<u>\$ (122)</u>	<u>\$ (60)</u>	<u>\$ 7,168</u>

(Dollars in thousands)	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 1,810	\$ -	\$ -	\$ 1,810
Total capital assets, not being depreciated	<u>1,810</u>	<u>-</u>	<u>-</u>	<u>1,810</u>
Capital assets, being depreciated:				
Buildings	7,810	-	-	7,810
Equipment and furnishings	1,592	-	(79)	1,513
Computer software	814	-	-	814
Total capital assets, being depreciated	<u>10,216</u>	<u>-</u>	<u>(79)</u>	<u>10,137</u>
Less accumulated depreciation for:				
Buildings	(2,145)	(204)	-	(2,349)
Equipment and furnishings	(1,470)	(50)	79	(1,441)
Computer software	(792)	(15)	-	(807)
Total accumulated depreciation	<u>(4,407)</u>	<u>(269)</u>	<u>79</u>	<u>(4,597)</u>
Total capital assets being depreciated, net	<u>5,809</u>	<u>(269)</u>	<u>-</u>	<u>5,540</u>
Total capital assets, net	<u>\$ 7,619</u>	<u>\$ (269)</u>	<u>\$ -</u>	<u>\$ 7,350</u>

Restricted investments: The Fund established guidelines for the investment of its funds to meet the requirements of the bond resolution and the Act. Currently, investments consist primarily of United States government and agency obligations with maturities greater than 90 days.

Investment securities are recorded at fair value, or at amortized cost as permissible, and a portion of the unrealized gains or losses is reported in the Statements of Revenues, Expenses, and Changes in Fund Net Position as part of Net investment earnings as more fully explained in Note C – Cash and Investments.

Restricted mortgage loans, net of allowance for losses includes loans originated that are restricted by the bond resolution, the Act, State statute, federal programs or other restricted purposes.

The allowance for loan losses in these programs is shown below.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	Allowance	Net	Balance	Allowance	Net
Restricted Mortgage Loans:						
General Account	\$ 250	\$ (250)	\$ -	\$ 362	\$ (362)	\$ -
Other Loan Programs	453	(172)	281	452	(172)	280
Land Development	1,911	(360)	1,551	4,453	(1,727)	2,726
Affordable Housing Fund	3,334	(2,686)	648	3,460	(2,670)	790
Bond Insurance Account	12,079	(255)	11,824	13,564	(290)	13,274
Bond Programs	901,253	(11,921)	889,332	674,043	(10,084)	663,959
Federal Programs	170,820	(99,941)	70,879	161,295	(97,075)	64,220
Total	<u>\$ 1,090,100</u>	<u>\$ (115,585)</u>	<u>\$ 974,515</u>	<u>\$ 857,629</u>	<u>\$ (112,380)</u>	<u>\$ 745,249</u>

Federal Programs include HOME, NHTF, and HOME ARP, which are designed to assist very low-income borrowers and to provide capacity building funds for nonprofit housing organizations. The funds provided to the nonprofits are required to be repaid only if the nonprofit fails to provide the services required as a condition of receiving HOME and NHTF funds. Federal Programs also include TCAP and TCEP, which were designed to assist in the development of Low-Income Housing Tax Credit Program properties. These funds will only be repaid if the recipient fails to comply with certain covenants of their agreement. Therefore, HOME, NHTF, TCAP and TCEP projects are recorded as restricted mortgage loans and the TCAP, TCEP and nonprofit HOME and NHTF projects have a corresponding 100% loss allowance in the Statements of Net Position.

Most loans in the Bond Programs are protected against loss by various federal and private insurance programs. Repayment of certain multifamily rental project loans is dependent, in part, upon rental and interest subsidy programs of HUD and USDA.

Enterprise fund *Restricted other assets* include certain foreclosed properties, properties developed for flood activities, other land for restricted housing purposes, the Fund’s net pension asset as explained in *Note F – Retirement Plan*, *Note H – Other Postemployment Healthcare Benefits*, and miscellaneous receivables, net of an allowance for estimated probable declines in the net realizable value. These assets are restricted subject to the provisions of the bond resolution, the Act, or federal regulations.

(Dollars in thousands)	June 30, 2024			June 30, 2023		
	Balance	Allowance	Net	Balance	Allowance	Net
Restricted other assets:						
Accounts receivable	\$ 157	\$ -	\$ 157	\$ 213	\$ -	\$ 213
Land	548	(548)	-	548	(548)	-
Foreclosed property	1,482	(158)	1,324	3,155	(513)	2,642
Net Pension asset	18	-	18	-	-	-
Net OPEB asset	396	-	396	-	-	-
Total	<u>\$ 2,601</u>	<u>\$ (706)</u>	<u>\$ 1,895</u>	<u>\$ 3,916</u>	<u>\$ (1,061)</u>	<u>\$ 2,855</u>

Deferred outflows of resources related to pension and OPEB represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until that time as explained in *Note F – Retirement Plan* and *Note H – Other Postemployment Healthcare Benefits*.

Accounts payable and other liabilities includes amounts held on behalf of others as explained in *Note A - Restricted cash and cash equivalents*, amounts due to vendors, and rebateable investment earnings.

Other liabilities include federal housing program funds for which the Fund acts as grantee or agent to originate mortgages under the HOME and NHTF programs and to disburse program funds under the ERA1, ERA2 and HAF programs, the Fund’s net pension liability (asset) as explained in *Note F – Retirement Plan* and the Fund’s net OPEB liability (asset) as explained in *Note H – Other Postemployment Healthcare Benefits*.

Deferred inflows of resources related to pension and OPEB represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time as explained in *Note F – Retirement Plan* and *Note H – Other Postemployment Healthcare Benefits*.

Enterprise fund *Restricted net position*: Net position of the Bond Programs is restricted to meet specified reserve and funding provisions in accordance with the bond resolution. Net positions of the Affordable Housing Fund, Land Development Program and Bond Insurance Account are restricted in accordance with the Act. Federal Programs are restricted due to requirements of HUD or other grantor agencies. Net position restricted for pension and OPEB is restricted for the payment of pension and OPEB benefits. When both restricted and unrestricted resources are available for use, it is generally the Fund’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Fiduciary fund *Restricted net position*: Net position of the fiduciary fund is restricted to postemployment healthcare insurance benefits for the Fund’s employees.

Operating revenues and expenses: The Fund classifies operating revenues and expenses in the enterprise fund based on the services provided by the Fund and its ongoing operations. This includes such activities as mortgage lending, administration of federal financial awards programs, property management and development, and other related program activities. *Net investment earnings* and interest on debt are reported as *non-operating revenues and expenses*.

Pass-through grant revenue and pass-through grant expense: The Fund receives grants and other financial assistance from HOME, NHTF, HOME ARP, CDBG-DR, ERA1, ERA2, HAF and the HAPs Programs to transfer or spend on behalf of various secondary recipients. These amounts are considered pass-through grants and are reported in the financial statements as revenue and expense when funds are disbursed to the secondary recipient.

Fee revenue consists primarily of loan servicing fees on mortgage loans serviced by the Fund, administration fees earned from the HAPs Program, financing fees, low-income housing tax credit fees, secondary market fees, Affordable Housing Fund transfer fees and deferred document penalty fees.

The Fund services all loans in its portfolio as well as loans on behalf of others totaling approximately \$1,437,037,000 and \$1,213,463,000 at June 30, 2024 and 2023, respectively. Of this total, the portfolio serviced by the Fund on behalf of others approximated \$218,730,000 and \$233,522,000 at June 30, 2024 and 2023, respectively.

Other revenues consist primarily of rental income, gains on sale of mortgages in the Secondary Market Program, gains on sales of foreclosed properties acquired through the Fund's mortgage lending activities, and other miscellaneous revenue items.

Loan fees expense includes fees paid to lenders and vendors related to the origination of mortgage loans. In addition, loan fees expense includes the cost of acquiring the servicing rights to mortgage loans owned by the Fund and loans owned by others, primarily Fannie Mae.

Program expenses primarily consist of disbursements made under the Fund's various programs, provisions for mortgage loan losses, losses on sales of foreclosed properties acquired through the Fund's mortgage lending activities, repair and maintenance costs for foreclosed properties and costs of bond issuance. Program expenses also include daily operating expenses of the office building owned by the Fund.

Administrative expenses, net include salary, benefits, and other operating expenses related to the daily operations of the Fund. When an expense is incurred, the expense is charged to the program or account for which it is directly applicable, whether restricted or unrestricted. Indirect expenses are allocated to programs and accounts based on a percentage of the program's or account's direct salary cost.

Contributions – Employer includes contributions from the enterprise fund to the fiduciary fund for healthcare insurance benefits for retired employees and their eligible dependents.

Net investment income represents interest earnings on postemployment healthcare cash and investments and the increase or decrease in the fair value of investments for the fiduciary fund.

Benefits include benefit payments from the fiduciary fund for postemployment healthcare costs for retired employees and their eligible dependents.

Administrative expenses in the fiduciary fund include trustee fees associated with investment management of the Welfare Benefit Plan and fees for actuarial valuations.

NOTE B – ASSETS FOR RESERVED AND OTHER PURPOSES

Assets and revenues of the Bond Programs are subject to the provisions of the bond resolution and are available for other purposes only to the extent they are not required to meet specified reserve and funding provisions of the resolution. The Fund, to the extent such monies become available under the terms of the resolution, has pledged to maintain the net position of its Bond Programs at a level to preserve the Fund's bond ratings. In the event that the Fund fails to comply with the terms of the bond resolution the holders of such obligations would have recourse to the unrestricted assets of the Fund. The Affordable Housing Fund, Land Development Program and the Bond Insurance Account are restricted by State statute.

Assets of the General Account and Other Loan Programs are principally unrestricted and may be transferred to other programs subject to the approval of the Board of Directors. As of June 30, 2024, the Fund has committed \$24,299,000 from Other Loan Programs for various loans or projects. These amounts are included in Unrestricted net position. The Fund is actively accepting applications from prospective recipients to originate loans from amounts allocated by the Board of Directors from Other Loan Programs.

The Board of Directors has also allocated \$1,000,000 of the Unrestricted net position for the "Directors' and Officers' Insurance Account" for the purpose of providing indemnification for the directors and officers of the Fund. The fiscal year 2025 administrative budget of \$16,223,000 will be provided from the Unrestricted net position and from future revenues of the Fund.

NOTE C – CASH AND INVESTMENTS

The Fund’s enterprise fund actively invests cash in conformity with the Act, the Bond Programs and the Board-approved Investment Policy. Permitted investments include a wide variety of securities and obligations such as certain corporate deposits, money market accounts, investment agreements or repurchase agreements with primary government dealers, direct obligations or obligations guaranteed by the State, United States government securities, or federal agency securities. Currently, the enterprise fund’s investments consist primarily of United States government or agency securities, FDIC insured money markets and cash. The Investment Policy also permits the Fund to invest a maximum of \$60,000,000, excluding funds held for others. The WVBOTI operates in accordance with applicable State laws and regulations.

The following is a detail of the Fund’s enterprise fund investments, including cash equivalents, by type:

(Dollars in thousands)	June 30, 2024			June 30, 2023	
	Weighted Avg Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Reported at cost					
Demand Deposits, Money Market Funds	1 day	\$ 140,865	\$ 140,865	\$ 94,721	\$ 94,721
Mortgages held for investment purposes	20.3 years	12,692	12,692	14,275	14,275
WVBOTI deposits <i>(includes held for others)</i>	1 day	105,724	105,724	121,236	121,236
Total		<u>259,281</u>	<u>259,281</u>	<u>230,232</u>	<u>230,232</u>
Reported at estimated fair value					
Fannie Mae MBS pools	7.22 years	208	211	265	267
Federal agency securities	2.56 years	98,685	99,120	74,026	75,321
U.S. Treasury securities	14.64 years	10,360	10,262	9,442	9,231
Total		<u>109,253</u>	<u>109,593</u>	<u>83,733</u>	<u>84,819</u>
Total investments, including cash equivalents		<u>\$ 368,534</u>	<u>\$ 368,874</u>	<u>\$ 313,965</u>	<u>\$ 315,051</u>

The Fund’s fiduciary fund actively invests cash in conformity with the Act and the Board-approved Investment Policy. Permitted investments include a variety of securities and obligations such as money market accounts, certificates of deposit, direct obligations or obligations guaranteed by the State, United States government securities, or federal agency securities. Currently, the fiduciary fund’s investments consist primarily of United States government or agency securities, FDIC insured money markets and negotiable certificates of deposit.

The following is a detail of the Fund’s fiduciary fund investments, including cash equivalents, by type:

(Dollars in thousands)	June 30, 2024			June 30, 2023	
	Weighted Avg Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Reported at cost					
Demand Deposits	1 day	\$ 841	\$ 841	\$ 904	\$ 904
Total		<u>841</u>	<u>841</u>	<u>904</u>	<u>904</u>
Reported at estimated fair value					
U.S. Treasury securities	0.91 years	4,490	4,475	2,990	2,944
Federal agency securities	0.6 years	750	730	1,250	1,192
Certificates of deposit	1.77 years	1,250	1,240	1,750	1,699
Total		<u>6,490</u>	<u>6,445</u>	<u>5,990</u>	<u>5,835</u>
Total investments, including cash equivalents		<u>\$ 7,331</u>	<u>\$ 7,286</u>	<u>\$ 6,894</u>	<u>\$ 6,739</u>

Interest Rate Risk - Enterprise fund. The Investment Policy limits the weighted average maturity of various fund types as shown in the following table. The Act does not provide for investment maturity limits. Reserve funds are the capital reserve investments required for the Bond Programs which are currently invested in long-term U.S. Government and government agency obligations. The Bond Insurance Account, which provides additional reserves for the payment of the Housing Finance Bonds is currently invested in U.S. Government and government agency obligations as well as mortgage loans for investment purposes. Other funds consist of bond revenues to be used for debt service on the outstanding bonds, bond proceeds for the purchase of mortgage revenue bond loans, Other Loan Program funds and general operating funds. Other funds are primarily invested short-term to meet program funding needs and to provide for daily operational costs of the Fund. Funds held for others consist of single family and multifamily escrow funds as well as amounts to be remitted to others. The Fund has both the intent and the ability to hold long-term securities until final maturity and is therefore limited in its exposure to interest rate risk on these long-term obligations.

	<u>Permitted Maturity Limit</u>	<u>Average Maturity as of June 30, 2024</u>
Reserve Funds	30 years	6 years
Bond Insurance Funds	15 years	7 years
Other Funds	4 years	1 month
Funds held for others*		1 day
*Funds held for others not applicable to limit calculations		

Interest Rate Risk – Fiduciary fund. The Investment Policy limits the weighted average maturity of all funds as shown in the following table. The Act does not provide for investment maturity limits. Fiduciary fund investments are managed at an appropriate average duration based on current interest rate environments.

	<u>Permitted Maturity Limit</u>	<u>Average Maturity as of June 30, 2024</u>
Fiduciary Funds	4 years	1 year

Credit Risk – Enterprise fund. Although permitted by the Act, the Fund’s Investment Policy prohibits investment in State and Local obligations other than West Virginia and prohibits investment in corporate debt instruments. The Fund’s Investment Policy additionally requires repurchase agreements to be invested with banks or primary dealers which are rated or provide the necessary collateral to maintain the Fund’s bond, note and issuer ratings. Furthermore, the Investment Policy limits collateral for repurchase agreements to direct federal and federally guaranteed obligations, and federal agency obligations.

As of June 30, 2024, the Fund’s investments in the WVBOTI are rated AAAM. Federal agency securities consist of Fannie Mae, Federal Farm Credit Bank and Federal Home Loan Bank all of which are rated AAA. Fannie Mae MBS pools are also rated AAA. Insured Cash Sweep (ICS) Funds and the Demand Deposit Marketplace Funds are FDIC insured. Money Market Funds are invested in the Fidelity Investments Money Market Government Portfolio and are rated AAA. Mortgages held for investment purposes are not rated.

Credit Risk – Fiduciary fund. The fiduciary fund’s Investment Policy limits investments to U.S. Treasury Securities that are backed by the full faith and credit of the United States, Federal agency securities, which are rated AAA and FDIC insured certificates of deposit.

Concentration of Credit Risk – Enterprise fund. The Investment Policy limits the percentage or amount of the investment portfolio that may be invested in various types of issuers as indicated in the table below. The Act does not limit the percentage of investments in any permitted investment type.

As of June 30, 2024			
(Dollars in thousands)			
	Maximum of Portfolio	Invested Funds	% of Total Investment
Direct Federal Obligations	100%	\$ 10,360	4%
Federal Agency Obligations	90%	98,893	36%
Federally Guaranteed Obligations	100%	-	0%
Demand Deposits	30%	18,872	7%
Collateralized CDs	\$75,000	-	0%
CDARS FDIC Insured CDs	\$65,000	-	0%
West Virginia Obligations	15%	-	0%
ICS FDIC Insured Demand Deposits	\$75,000	-	0%
ICS FDIC Insured Savings Deposits	\$100,000	90,783	33%
Mortgages Held for Investment Purposes	30%	12,692	4%
Money Market Funds	25%	15,387	5%
WVBOTI deposits	\$60,000	29,435	11%
TOTAL		\$ 276,422	100%
Funds Held for Others *	N/A	92,112	
TOTAL INVESTED FUNDS		\$ 368,534	

* Funds held for others not applicable to limit calculations.

Concentration of Credit Risk – Fiduciary fund. The Investment Policy limits the percentage or amount of the investment portfolio that may be invested in various types of issuers as indicated in the table below. The Act does not limit the percentage of investments in any permitted investment type.

As of June 30, 2024			
(Dollars in thousands)			
	Maximum of Portfolio	Invested Funds	% of Total Investment
Demand Deposits	30%	\$ 841	12%
Direct Federal Obligations	90%	4,490	61%
Federal Agency Obligations	90%	750	10%
Federally Guaranteed Obligations	90%	-	0%
FDIC Insured CDs	50%	1,250	17%
TOTAL INVESTED FUNDS		\$ 7,331	100%

Custodial Credit Risk – Deposits - The Act requires all deposits to be FDIC insured or fully collateralized by permitted investments for both enterprise funds and fiduciary funds. The enterprise fund Investment Policy further limits the securities permitted as collateral for amounts in excess of FDIC insurance to direct federal or federally guaranteed obligations, federal agency, or State of West Virginia obligations. The fiduciary fund Investment Policy further limits the securities permitted as collateral for amounts in excess of FDIC insurance to direct federal or federally guaranteed obligations or federal agency obligations.

The enterprise fund cash, including escrow funds, had a carrying value of \$140,865,000 and \$94,721,000 as of June 30, 2024 and 2023, respectively. Bank balances approximated \$143,155,000 and \$96,396,000 as of June 30, 2024 and 2023, respectively, of which approximately \$112,755,000 and \$79,740,000 was covered by federal depository insurance as of June 30, 2024 and 2023, respectively, and \$15,012,000 and \$13,450,000 was either collateralized with securities pledged to the Fund and held by the trust department of the pledging financial institution or held and pledged to the Fund by the pledging financial institution’s agent as of June 30, 2024 and 2023, respectively. Also included in the bank balances above are trust account money market fund balances of \$15,388,000 and \$3,206,000 as of June 30, 2024 and 2023, respectively, which are not subject to custodial credit risk.

The fiduciary fund cash had a carrying value of \$841,000 and \$904,000 as of June 30, 2024 and 2023, respectively. Bank balances approximated \$844,000 and \$907,000 as of June 30, 2024 and 2023, respectively, which are trust account money market funds and not subject to custodial credit risk.

Custodial Credit Risk – Investments – Custodial Credit Risk – Investments – The Investment Policy requires purchased securities to be physically delivered to the Fund’s custodian or trustee or, in the case of book-entry securities; registration books shall designate the custodian or trustee. The Investment Policy also requires collateral for repurchase agreements be delivered to a third-party custodian or in the case of book-entry securities, be registered to the Fund. All U.S. government and agency obligations owned by the Fund are registered in the Fund’s name or the Fund’s designated trustee. The Act does not address custodial credit risk for investments.

Fair value hierarchy: The fair value hierarchy established under GAAP categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to quoted prices in active markets inputs (Level 1) and the lowest priority to unobservable inputs (Level 3).

The levels of the hierarchy are identified as follows:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in an active market.

Level 2 – Valuation is based upon inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 – Valuation is based upon unobservable inputs for an asset or liability.

Enterprise fund investments measured at fair value using the fair value hierarchy categories are as follows:

(Dollars in thousands)	June 30,	
	2024	2023
<u>Level 1 inputs</u>		
Federal agency securities	\$ 99,120	\$ 75,321
U.S. Treasury securities	10,262	9,231
Total	109,382	84,552
<u>Level 2 inputs</u>		
Fannie Mae MBS pools	211	267
Total	211	267
Total investments, reported at estimated fair value	<u>\$ 109,593</u>	<u>\$ 84,819</u>

Fiduciary fund investments measured at fair value using the fair value hierarchy categories are as follows:

(Dollars in thousands)	June 30,	
	2024	2023
<u>Level 1 inputs</u>		
U.S. Treasury securities	\$ 4,475	\$ 2,944
Federal agency securities	730	1,192
Certificates of deposit	1,240	1,699
Total investments, reported at estimated fair value	<u>\$ 6,445</u>	<u>\$ 5,835</u>

Fair value measurements for investments classified as Level 2, Fannie Mae MBS pools, are valued using matrix pricing sources that provide a pricing indication from market transactions for similar or identical assets.

Mortgages held for investment are included in Mortgage loans, net of allowances and Restricted mortgage loans, net of allowances on the Statements of Net Position. Investments are included in the accompanying enterprise fund financial statements as follows:

(Dollars in thousands)	June 30,	
	2024	2023
Cash and cash equivalents	\$ 19,141	\$ 14,872
Current restricted cash and cash equivalents	164,280	146,455
Noncurrent restricted cash and cash equivalents	112,097	76,104
Restricted investments	60,664	63,345
Plus mortgages held for investment purposes	12,692	14,275
Total Investments and cash equivalents	<u>\$ 368,874</u>	<u>\$ 315,051</u>
Less unrealized gains	340	1,086
Total Invested Funds	<u>\$ 368,534</u>	<u>\$ 313,965</u>

Investments are included in the accompanying fiduciary fund financial statements as follows:

(Dollars in thousands)	June 30,	
	2024	2023
Restricted cash and cash equivalents	\$ 841	\$ 904
Restricted investments	6,445	5,835
Total Investments and cash equivalents	<u>\$ 7,286</u>	<u>\$ 6,739</u>
Plus unrealized loss	(45)	(155)
Total Invested Funds	<u>\$ 7,331</u>	<u>\$ 6,894</u>

The enterprise fund has an unrealized gain on investments of \$340,000 and \$1,086,000 as of June 30, 2024 and 2023, respectively. This represents a decrease in unrealized gain on investments of \$746,000 and \$1,793,000 as of June 30, 2024 and 2023, respectively. In connection with the unrealized gain, a liability for related investment earnings is recorded in the amount of \$12,000 and \$4,000 as of June 30, 2024 and June 30, 2023, respectively. This portion is recorded as a liability because, if this gain were realized, it would increase excess rebateable investment earnings pursuant to Section 103A of the Internal Revenue Code, as amended (the Code). To adjust the fair value of investments to reflect this unrealized gain at June 30, 2024 and 2023 and to properly reflect the rebate liability, a \$753,000 and \$1,725,000 decrease was recorded in Net investment earnings in the Statements of Revenues, Expenses, and Changes in Fund Net Position for the year ended June 30, 2024 and 2023, respectively.

The fiduciary fund has an unrealized loss on investments of \$45,000 and \$155,000 as of June 30, 2024 and June 30, 2023, respectively. This represents an increase in unrealized loss on investments of \$110,000 and an increase of \$55,000 from June 30, 2023 and 2022, respectively. To adjust the fair value of investments to reflect this unrealized loss at June 30, 2024 and 2023 a \$165,000 increase and a \$55,000 decrease was recorded in Net investment income in the Statements Changes in Fiduciary Net Position for the year ended June 30, 2024 and 2023, respectively.

NOTE D – BONDS PAYABLE

The Act authorizes the Fund to issue bonds and notes for its various programs in an aggregate principal amount not to exceed \$1,250,000,000 outstanding at any one time, exclusive of refunded obligations. Bonds and notes issued by the Fund are considered obligations of the Fund and are not deemed to constitute a debt or liability of the State.

The proceeds from the Fund’s Bond Programs are used to finance mortgage loans to eligible State borrowers and to establish certain reserves as required by the resolution. The mortgage loans are secured by deeds of trust and approximately 81.58% of all Bond Program loans are subject to coverage under federal or private mortgage insurance or guarantee programs. All bonds are secured by a pledge of all mortgage loan repayments, all proceeds of federal or private mortgage insurance, interest received on any monies or securities held pursuant to the resolution, and the rights and interest of the Fund in and to the mortgage loans. In the event that the Fund fails to comply with the terms of the bond resolution, the holders of such obligations would have recourse to the unrestricted assets of the Fund. Principal and interest paid on bonds and notes payable for the years ended June 30, 2024 and 2023 was \$65,842,000 and \$40,512,000, respectively. Total pledged revenues in 2024 and 2023 were \$89,774,000 and \$81,346,000 respectively.

The On-Site Systems Loan Program (the OSLP) was created in September 2007 in partnership with the West Virginia Department of Environmental Protection (the DEP). Under this program the Fund may borrow funds from the DEP Clean Water Revolving Loan Fund. These funds are then loaned to State residents to upgrade, replace or repair inadequate septic systems. Since the inception of the program, the Board has authorized the Fund to borrow \$3,000,000 from DEP for this program. The Fund is obligated to repay the amount borrowed from the DEP only to the extent the Fund receives payments from loan recipients. An allowance for loan losses has been established based on management’s review of potential problem loans. At June 30, 2024, *Bonds & notes payable - noncurrent* includes a \$690,000 note payable, net of a \$132,000 loss allowance, due to DEP related to this program under Other Loan Programs.

Most bonds issued by the Fund are subject to redemption at the option of the Fund prior to maturity at dates and premiums as set forth in the bond documents. To reduce its debt expense, the Fund redeems bonds prior to their stated maturity dates primarily due to excess program revenues, the prepayments of mortgage loans pledged for the repayment of the bonds, excess amounts in the capital reserve funds, and/or from proceeds of refunding bonds. During the fiscal years ended June 30, 2024 and 2023, the Fund redeemed or refunded \$9,525,000 and \$12,370,000 of bonds, respectively, at redemption prices that approximated their carrying value.

The following tables summarize bond and note activity from 2023 to 2024 and 2022 to 2023, respectively.

(Dollars in thousands)			
	Bonds Payable	Bonds & Notes	Bonds & Notes
	Current	Payable	Payable
		Noncurrent	Total
Outstanding Balance, June 30, 2023	\$ 21,915	\$ 368,057	\$ 389,972
Debt Issued (including discount)	-	325,250	325,250
Debt Paid	(21,915)	(94)	(22,009)
Early Redemptions	-	(9,525)	(9,525)
Note Payable allowance for losses	-	-	-
Reclassification from noncurrent to current	29,520	(29,520)	-
Outstanding Balance, June 30, 2024	<u>\$ 29,520</u>	<u>\$ 654,168</u>	<u>\$ 683,688</u>

(Dollars in thousands)			
	Bonds Payable	Bonds & Notes	Bonds & Notes
	Current	Payable	Payable
		Noncurrent	Total
Outstanding Balance, June 30, 2022	\$ 18,885	\$ 267,521	\$ 286,406
Debt Issued (including discount)	-	134,953	134,953
Debt Paid	(18,885)	(115)	(19,000)
Early Redemptions	-	(12,370)	(12,370)
Note Payable allowance for losses	-	(17)	(17)
Reclassification from noncurrent to current	21,915	(21,915)	-
Outstanding Balance, June 30, 2023	<u>\$ 21,915</u>	<u>\$ 368,057</u>	<u>\$ 389,972</u>

The following is a summary of the bonds outstanding in the Housing Finance Bond and notes outstanding in Other Loan Programs:

	Original Amount Authorized	Outstanding at June 30,	
		2024	2023
(Dollars in thousands)			
<u>HOUSING FINANCE BOND PROGRAM</u>			
2013 Series A (3.20%) due 2025-2029	\$ 21,000	\$ 6,955	\$ 8,365
2015 Series A,B (2.95% to 3.70%), due 2025-2032	50,660	14,005	16,470
2015 Series C,D (3.2% to 3.85%), due 2025-2033	70,060	24,980	29,145
2017 Series A,B (2.75% to 4.00%), due 2025-2034	39,505	15,925	18,925
2018 Series A (2.65% to 3.85%), due 2025-2040	25,000	13,415	14,710
2019 Series A (2.15% to 3.875%), due 2025-2044	35,000	23,080	24,865
2019 Series B (1.65% to 3.05%), due 2025-2044	30,000	20,595	23,190
2020 Series A (0.90% to 2.80%), due 2025-2048	30,000	23,440	25,595
2020 Series B,C (0.50% to 2.40%), due 2025-2042	44,960	31,425	35,630
2021 Series A (.45% to 2.50%), due 2025-2052	30,000	26,615	28,115
2022 Series A (2.5% to 4.15%), due 2025-2052	30,000	28,265	29,625
2022 Series B (2% to 4.25%), due 2025-2051	40,000	37,260	40,000
2022 Series C (2.8% to 4.85%), due 2025-2053	45,000	43,500	45,000
2023 Series A (3.00% to 4.85%), due 2025-2054	50,000	49,010	50,000
2023 Series B (3.20% to 4.70%), due 2025-2054	50,000	49,835	-
2023 Series C (3.45% to 5.00%), due 2025-2054	60,000	59,890	-
2023 Series D (3.4% to 4.9%), due 2025-2054	60,000	60,000	-
2024 Series A (3.10% to 4.65%), due 2025-2055	75,000	75,000	-
2024 Series B,C (3.45% to 6.12%), due 2025-2055	80,000	80,000	-
Total bonds payable, excluding unamortized discount		683,195	389,635
Unamortized bond discount, net		(65)	(66)
<u>OTHER LOAN PROGRAMS</u>			
Notes Payable (0.00%), net of allowance for losses ⁽¹⁾	3,000	558	403
Total bonds & notes payable		<u>\$ 683,688</u>	<u>\$ 389,972</u>
⁽¹⁾ Payments are due to the DEP as the Fund receives payments from OSLP loan recipients.			

Total bonds payable does not include \$32,200,000 in special obligation bonds issued by the Fund as a conduit issuer. These special obligation bonds are secured by loan payments and deeds of trust on three projects. None of the Fund's assets or revenues are pledged to the payment of these special obligations. Furthermore, these special obligations are not secured by the Fund's general obligation debt pledge or its moral obligation and are not included in the Fund's financial statements. The Housing Development Fund is authorized under the Act to issue bonds or notes up to a limit of \$1,250,000 outstanding at any one time, exclusive of refunded obligations, for the purpose of carrying out its various programs. This amount is inclusive of bonds issued under the General Resolution and the special obligation bonds.

The following is a summary of scheduled annual principal and interest for bonds in the Bond Programs for the five years commencing July 1, 2024, and thereafter to maturity.

Bonds Maturing During Year Ending June 30:	Principal	Interest	Total
	(Dollars in thousands)		
2025	\$ 29,520	\$ 25,042	\$ 54,562
2026	36,255	24,724	60,979
2027	38,810	23,668	62,478
2028	38,255	22,489	60,744
2029	34,565	21,314	55,879
2030-2034	157,510	89,703	247,213
2035-2039	116,725	64,624	181,349
2040-2044	96,370	42,735	139,105
2045-2049	76,944	23,652	100,596
2050-2054	56,706	7,036	63,742
2055	1,535	40	1,575
	<u>\$ 683,195</u>	<u>\$ 345,027</u>	<u>\$1,028,222</u>

In accordance with Section 103A of the Code, the Fund has established allowances for excess rebateable investment earnings. The excess rebateable investment earnings arise due to actual investment yields earned by the Fund being greater than yields permitted to be retained by the Fund under the Code. The Code requires such excess investment earnings to be remitted to the Internal Revenue Service. The Housing Finance Bond Program established liabilities of \$12,000 and \$4,000 at June 30, 2024 and June 30, 2023, respectively, for the excess of the fair value of investments over amortized costs as explained in *Note C - Cash and Investments*. Future excess investment earnings may require the establishment of liabilities for these and other bond issues.

On January 30, 2020, the Fund entered into a revolving Commercial Loan Agreement (the “Line of Credit”) with United Bank, in an amount not to exceed \$20,000,000, payable monthly. On January 31, 2024, the Line of Credit was renewed with a maturity date of January 30, 2026, currently bearing an interest rate of 5.52% per annum. The purpose of the Line of Credit is to provide warehouse funding for loans under the Multifamily Loan Program. During fiscal year 2024, the Fund had drawn a total of \$18,000,000, all of which was repaid during the fiscal year.

NOTE E – CONTINGENT LIABILITIES AND RISK MANAGEMENT

Under the terms of certain federal programs, periodic audits are required and certain costs and expenditures may be questioned under the terms of the program. Such audits could lead to reimbursements to the grantor agencies. Historically, questioned costs have been immaterial. Management of the Fund believes future disallowances relating to current federal program expenditures, if any, will continue to be immaterial.

The Fund is a defendant in various legal proceedings arising in the normal course of business. In the opinion of management, based upon the advice of legal counsel, the ultimate resolution of these proceedings will not have a material adverse effect on the Fund’s financial position.

Through its business operations, the Fund is exposed to various risks of loss related to potential loan losses on program mortgages, fire, liability, and employee wrongdoing. To reduce the risk of loss on program mortgages, the Fund has various types of mortgage insurance. At June 30, 2024, 51.51% of the Fund’s single family Bond Program loans were VA, USDA Rural Development, or FHA guaranteed. Another 30.07% of these loans carry private mortgage insurance. Substantially all permanent multifamily mortgages are federally insured or guaranteed and/or are subject to HUD Section 8 rental assistance subsidies.

The Fund is insured against fire for owned assets, liability, and employee negligence through private insurance. Furthermore, key staff members of the Fund are bonded against theft in the aggregate amount of \$4,000,000. The Board of Directors has allocated \$1,000,000 of the Fund's unrestricted net position to provide indemnification for the directors and officers of the Fund. Additionally, the Fund has general liability insurance with the State Board of Risk and Insurance Management in the amount of \$1,000,000 per occurrence and excess liability coverage of \$10,000,000 aggregate with General Star Insurance Company for officers' and directors' indemnity. The Fund pays an annual premium in exchange for such coverage. The Fund has \$5,000,000 in cyber insurance through Houston Casualty Company. There have been no significant settlements in excess of insurance coverage during the past three calendar years.

NOTE F – RETIREMENT PLAN

Plan Description. All full-time Fund employees participate in the State's Public Employees' Retirement System (PERS), a multiple-employer defined benefit cost-sharing public employee retirement system administered by the West Virginia Consolidated Public Retirement Board (CPRB). Benefits under PERS include deferred retirement, early retirement, death, and disability benefits and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS that may be obtained at www.wvretirement.com.

Benefits Provided. Employees hired before July 1, 2015 are eligible for normal retirement at age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 or greater. Employees hired on or after July 1, 2015 may retire at age 62 with ten years of service. The straight-life annuity retirement benefit, established by State statute, is equivalent to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64 with ten years of service.

Contributions. Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employees are established by the CPRB. Current funding policy requires employer contributions of 9.0% for 2024 and 2023 and 10.0% for each of the years ended June 30, 2022 and 2021. As permitted by legislation, the Fund has elected to pay 100% of all costs relating to the Plan, including the employee's 4.5% contribution of annual earnings for employees hired on or before February 6, 2012. Beginning February 7, 2012, new hires are required to pay the employee's contribution of 4.5%. For all employees hired on or after July 1, 2015 the employee contribution is 6.0%. The Fund's contribution to the Plan, excluding the employee's contribution paid by the Fund, approximated \$619,000, \$640,000, and \$721,000 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The Fund reported a liability (asset) of (\$18,000) and \$663,000 as of June 30, 2024 and June 30, 2023, respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) reported at June 30, 2024 was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023. The Fund's proportion of the net pension liability (asset) was based on the Fund's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2023. At June 30, 2023 and June 30, 2022, the Fund's proportionate share was .40% and .45%, respectively.

For the years ended June 30, 2024 and June 30, 2023, respectively, the Fund recognized pension expense of \$663,000 and \$352,000. At June 30, 2024 and June 30, 2023, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Dollars in thousands)	June 30, 2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 110	\$ -
Difference between expected and actual experience	153	-
Changes in assumptions	117	-
Changes in proportion and differences between Fund contributions and proportionate share of contributions	43	2
Fund contributions made subsequent to the measurement date	619	-
	<u>\$ 1,042</u>	<u>\$ 2</u>

(Dollars in thousands)	June 30, 2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 400	\$ -
Difference between expected and actual experience	254	-
Changes in assumptions	436	-
Changes in proportion and differences between Fund contributions and proportionate share of contributions	43	9
Fund contributions made subsequent to the measurement date	640	-
	<u>\$ 1,773</u>	<u>\$ 9</u>

Deferred outflows of resources related to pensions of \$619,000 resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or increase in the net pension asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

(Dollars in thousands)	
<u>Year Ended June 30:</u>	<u>Pension Expense</u>
2025	17
2026	(405)
2027	883
2028	(74)

Actuarial Assumptions and Methods. The following assumptions and methods were used in the actuarial valuation:

	<u>2023</u>	<u>2022</u>
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases:		
State	2.75% - 5.55%	2.75% - 5.55%
Non-state	3.60% - 6.75%	3.60% - 6.75%
Inflation rate	2.75%	2.75%
Discount rate	7.25%	7.25%
Mortality rates	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018 Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 Retired healthy females - 122% of Pub-2010 General Retiree Female table, below median headcount weighted, projected generationally with scale MP-2018 Disabled males - 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018 Disabled females - 117% of Pub-2010 General / Teachers Disabled Female table headcount weighted, projected generationally with scale MP-2018	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018 Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 Retired healthy females - 122% of Pub-2010 General Retiree Female table, below median headcount weighted, projected generationally with scale MP-2018 Disabled males - 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018 Disabled females - 117% of Pub-2010 General / Teachers Disabled Female table headcount weighted, projected generationally with scale MP-2018
Withdrawal rates		
State	2.28% - 45.63%	2.28% - 45.63%
Non-state	2.50% - 35.88%	2.50% - 35.88%
Disability rates	0.005% - 0.540%	0.005% - 0.540%
Retirement rates	12% - 100%	12% - 100%
Date range in most recent experience study	2013-2018	2013-2018

The long-term rates of return on pension plan investments were determined using the building-block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term geometric rates of return are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighted Average Expected Real Rate of Return</u>
Domestic Equity	27.5%	6.5%	1.79%
International Equity	27.5%	9.1%	2.50%
Fixed Income	15.0%	4.3%	0.65%
Real estate	10.0%	5.8%	0.58%
Private equity	10.0%	9.2%	0.92%
Hedge funds	10.0%	4.6%	0.46%
Total	<u>100%</u>		6.90%
Inflation (CPI)			<u>2.50%</u>
			<u>9.40%</u>

Discount Rate. The discount rates used to measure the total pension liabilities were 7.25% for the 2023 and 2022 actuarial valuations. At June 30, 2023 and 2022, the projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Fund's proportionate share of the net pension liability (asset) to changes in the discount rate. The following table presents the Fund's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25% and 7.25% for the years ended June 30, 2024 and June 30, 2023, respectively, as well as what the Fund's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

(Dollars in thousands)					
Net Pension Liability (Asset)					
June 30,					
2024			2023		
Current			Current		
1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
6.25%	7.25%	8.25%	6.25%	7.25%	8.25%
\$ 3,739	\$ (18)	\$ (3,188)	\$ 4,691	\$ 663	\$ (2,784)

NOTE G – COMPENSATED ABSENCES

Employees accumulate annual leave balances to a maximum of 210 hours. Most employees receive a 100% termination payment upon separation based upon their final rate of pay. The liability for annual leave is valued at 100% of the balance plus the Fund's share of Social Security and Medicare contributions. The Fund has recorded a liability for accrued leave for all employees in accordance with GAAP. The liability for annual leave is shown below. In lieu of cash payment at retirement, an employee who became a member of PERS before July 1, 2015 may elect to use accumulated annual leave toward additional service in the computation of retirement benefits or toward their postemployment health care insurance premium as further explained in *Note H – Other Postemployment Healthcare Benefits*. If an employee became a member on or after July 1, 2015, they may not use accumulated annual leave to acquire additional credited service but they may still elect to use accumulated annual leave toward their postemployment health care insurance premium explained in *Note H – Other Postemployment Healthcare Benefits*.

(Dollars in thousands)			
	Accumulated Annual Leave		
	2024	2023	2022
Balance at beginning of fiscal year	\$ 611	\$ 631	\$ 659
Annual leave earned	527	571	575
Annual leave (used)	(555)	(591)	(603)
Balance at end of fiscal year	<u>\$ 583</u>	<u>\$ 611</u>	<u>\$ 631</u>
Estimated to be paid in one year	<u>\$ 583</u>	<u>\$ 611</u>	<u>\$ 631</u>

NOTE H – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

Plan administration. The Welfare Benefit Plan (the Plan), an irrevocable trust, is a single-employer defined other postemployment benefit plan administered by the Fund and the Fund's Board of Directors that is used to provide postemployment benefits other than pensions (OPEB) for employees of the Fund. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Fund. The assets of the Plan are deposited with an external trustee and are presented in the stand-alone fiduciary fund financial statements.

Benefits Provided

The Fund provides certain healthcare insurance benefits for retired employees and their eligible dependents. Benefits are fully self-insured by the Fund and are administered through a third-party administrator. The full cost of benefits is covered by the plan. Management of the Fund has the authority to establish and amend benefit provisions of the Plan. An employee may receive a cash payout for their annual leave but not for sick leave. In lieu of cash payment at retirement, an employee may elect to use accumulated annual and accumulated sick leave toward their postemployment health care insurance premium. A retiree may convert two unused leave days into one month's insurance premium for single coverage or three unused leave days into one month's premium for family coverage. The Fund will pay monthly health insurance premiums of these retirees based on unused sick leave and/or annual leave at the time of retirement until the unused leave is fully utilized or until the retiree reaches the eligible age for Medicare. Accordingly, the maximum period for which a retiree may be entitled to such benefits would be twelve years.

Employees covered by benefit terms. At June 30, 2024 and June 30, 2023, the following employees were covered by the benefit terms:

Covered Employees	June 30,	
	2024	2023
Inactive employees or beneficiaries currently receiving benefit payments	12	8
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active plan members	99	97
Total	111	105

Contributions

The contribution requirements of plan members and the Fund are established and may be amended by the Fund's management. Management establishes contribution rates based on an actuarially determined rate. Plan members are not required to contribute to the plan. The Fund's contribution to the Plan approximated \$401,000, and \$450,000 for the fiscal years ended June 30, 2024 and 2023, respectively.

Investments

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Fund's Board of Directors. Investments are to be diversified as to minimize the risk of large losses as follows:

Permitted Investments	Maximum % of Portfolio
Cash:	
Demand Deposits	30%
Fixed Income:	
Direct Federal Obligations	90%
Federal Agency Obligations	90%
Federally Guaranteed Obligations	90%
FDIC Insured CDs	50%

Rate of Return. For the years ended June 30, 2024 and June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.25% and 1.27%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (Asset)

At June 30, 2024 and 2023, the components of the net OPEB (asset) liability of the Fund were as follows:

(Dollars in thousands)	June 30,	
	2024	2023
Total OPEB Liability	\$ 7,052	\$ 7,286
Plan Fiduciary Net Position	7,324	6,770
Net OPEB (Asset) Liability	<u>\$ (272)</u>	<u>\$ 516</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB (Asset) Liability	103.90%	92.90%

Actuarial Assumptions and Methods

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of January 2024 rolled forward to June 30, 2024. The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of January 2022 and rolled forward to June 30, 2023. The following actuarial assumptions and methods were used:

Valuation Date	1/1/2024 Rolled forward to 6/30/2024	1/1/2022 Rolled forward to 6/30/2023
Actuarial Method	Entry Age	Entry Age
Amortization Method	Level Percentage of Pay, Closed	Level Percentage of Pay, Closed
Remaining Amortization Period	13 years as of 1/1/2024	15 years as of 1/1/2022
Asset Valuation Method	Fair Value of Assets	Fair Value of Assets
Actuarial Assumptions:		
Investment Rate of Return	3.00%	3.00%
Salary Increases	3.00%	3.00%
Ultimate Rate of Medical Inflation	3.00%	2.72%
General Rate of Inflation	2.20%	2.00%

Mortality rates for the January 1, 2024 valuation rolled forward to June 30, 2024 and January 1, 2022 valuation rolled forward to June 30, 2023 were based on Pub-2010 General Employees table, below-median, headcount-weighted, projected generationally with scale MP-2018.

An actuarial experience study was not completed. Actuarial assumptions for disability, termination, retirement, and dependent age were based on the PERS actuarial valuation as of July 1, 2020 for the January 2022 Plan valuation rolled forward to June 30, 2023. Actuarial assumptions for disability, termination, retirement, and dependent age were based on the PERS actuarial valuation as of July 1, 2022 for the January 2024 Plan valuation rolled forward to June 30, 2024.

The long-term expected rate of return on the Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and cash equivalents	10.0%	3.00%
U.S. Government Obligations	90.0%	3.50%
Total	100.0%	

Discount rate. The discount rate as of June 30, 2024 and June 30, 2023 is 3.00%, which is the assumed long-term expected rate of return on Plan investments. This is the same discount rate that was used in the January 1, 2024 liability calculations. Projections of the Plan’s fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current plan members. As such, the single rate of return is equal to the long-term expected rate of return on the Plan assets, which is 3.00%.

Development of discount rate.

As of June 30, 2024, the Plan uses the Bond Buyer GO 20-Bond Municipal Bond Index. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 29, 2023 was 3.65% and the municipal bond rate at June 27, 2024 was 3.93%. However, the depletion test as of the most recent actuarial valuation as of January 1, 2024, reflecting known contributions after that date as well as the current funding policy, showed that the projected assets are expected to cover future benefit payments for current participants and as such the single rate used as the discount rate is the long-term expected rate of return, 3.00%. The actuarial liability, normal cost, and expected benefit payments were projected for the remaining lifetimes of the closed group population as of January 1, 2024, using the assumptions detailed in the 2024 actuarial valuation report. An Actuarially Determined Contribution (ADC) was calculated each year based on the current closed amortization period. The assets were then projected forward reflecting known contributions through June 30, 2024, and then assuming that the ADC is contributed in the future. Since the assets are projected to always be greater than the expected benefit payments in any year, the long-term expected rate of return of 3.00% is used to calculate the liabilities.

As of June 30, 2023, the Plan uses the Bond Buyer GO 20-Bond Municipal Bond Index. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 30, 2022 was 3.54% and the municipal bond rate at June 29, 2023 was 3.65%. However, the depletion test as of the most recent actuarial valuation as of January 1, 2022, reflecting known contributions after that date as well as the current funding policy, showed that the projected assets are expected to cover future benefit payments for current participants and as such the single rate used as the discount rate is the long-term expected rate of return, 3.00%. The actuarial liability, normal cost, and expected benefit payments were projected for the remaining lifetimes of the closed group population as of January 1, 2022, using the assumptions detailed in the 2022 actuarial valuation report. An Actuarially Determined Contribution (ADC) was calculated each year based on the current closed amortization period. The assets were then projected forward reflecting known contributions through June 30, 2023, and then assuming that the ADC is contributed in the future. Since the assets are projected to always be greater than the expected benefit payments in any year, the long-term expected rate of return of 3.00% is used to calculate the liabilities.

Changes in the Net OPEB Liability (Asset)

At June 30, 2024 and June 30, 2023, respectively, the Fund reported a Net OPEB (Asset) Liability of (\$272,434) and \$515,512. Total OPEB Liability (TOL) at the end of the measurement year, June 30, 2024, is measured as of a valuation date of January 1, 2024, and is projected to June 30, 2024, and June 30, 2023, is measured as of a valuation date of January 1, 2022 and is projected to June 30, 2023. Valuations will be completed every other year.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
(Dollars in thousands)			
Balances at 6/30/2023	\$ 7,286	\$ 6,770	516
Changes for the year:			
Service cost	283	-	283
Interest	225	-	225
Changes of benefits	(311)	-	(311)
Differences between expected and actual experience	(477)	-	(477)
Changes of assumptions	204	-	204
Contributions - employer	-	402	(402)
Net investment income	-	348	(348)
Benefit payments	(158)	(158)	-
Administrative expense	-	(38)	38
Net changes	<u>(234)</u>	<u>554</u>	<u>(788)</u>
Balances at 6/30/2024	<u>\$ 7,052</u>	<u>\$ 7,324</u>	<u>\$ (272)</u>

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
(Dollars in thousands)			
Balances at 6/30/2022	\$ 7,276	\$ 6,427	849
Changes for the year:			
Service cost	245	-	245
Interest	215	-	215
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	450	(450)
Net investment income	-	86	(86)
Benefit payments	(450)	(169)	(281)
Administrative expense	-	(24)	24
Net changes	<u>10</u>	<u>343</u>	<u>(333)</u>
Balances at 6/30/2023	<u>\$ 7,286</u>	<u>\$ 6,770</u>	<u>\$ 516</u>

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the net OPEB liability (asset) of the Fund, as well as what the Fund’s net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (2.0%) or one-percentage-point higher (4.0%) than the current discount rate:

(Dollars in thousands)	Net OPEB Liability (Asset)					
	June 30,					
	2024			2023		
	1% Decrease 2.00%	Current Discount Rate 3.00%	1% Increase 4.00%	1% Decrease 2.00%	Current Discount Rate 3.00%	1% Increase 4.00%
Total OPEB Liability	\$ 7,503	\$ 7,052	\$ 6,636	\$ 7,785	\$ 7,286	\$ 6,835
Plan Fiduciary Net Position	7,324	7,324	7,324	6,770	6,770	6,770
Net OPEB Liability (Asset)	<u>\$ 179</u>	<u>\$ (272)</u>	<u>\$ (688)</u>	<u>\$ 1,015</u>	<u>\$ 516</u>	<u>\$ 65</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	97.60%	103.90%	110.40%	87.00%	92.90%	99.10%

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates. The following presents the net OPEB liability (asset) of the Fund, as well as what the Fund’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

(Dollars in thousands)	Net OPEB Liability (Asset)					
	June 30,					
	2024			2023		
	Trend Minus 1%	Current Baseline Trends	Trend Plus 1%	Trend Minus 1%	Current Baseline Trends	Trend Plus 1%
Total OPEB Liability	\$ 6,605	\$ 7,052	\$ 7,556	\$ 6,674	\$ 7,286	\$ 7,982
Plan Fiduciary Net Position	7,324	7,324	7,324	6,770	6,770	6,770
Net OPEB Liability (Asset)	<u>\$ (719)</u>	<u>\$ (272)</u>	<u>\$ 232</u>	<u>\$ (96)</u>	<u>\$ 516</u>	<u>\$ 1,212</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	110.90%	103.90%	96.90%	101.40%	92.90%	84.80%

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

For the years ended June 30, 2024 and June 30, 2023, respectively, the Fund recognized OPEB expense of \$335,188 and \$570,549. At June 30, 2024 and June 30, 2023, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Dollars in thousands)	June 30,			
	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 405	\$ -	\$ 82
Changes in assumptions	810	-	1,032	-
Net difference between projected and actual earnings on OPEB plan investments	-	82	95	-
Total	<u>\$ 810</u>	<u>\$ 487</u>	<u>\$ 1,127</u>	<u>\$ 82</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Dollars in thousands)	
Year Ended June 30:	OPEB Expense
2025	292
2026	192
2027	(133)
2028	(28)

NOTE I – SUBSEQUENT EVENTS

On July 5, 2024, the Fund received \$8,000,000 from the State to administer the Veteran’s Mortgage Program that was passed during the 2024 West Virginia Legislature session under Senate Bill 261.

NOTE J - NEW ACCOUNTING PRONOUNCEMENTS

The Fund implemented GASB Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*, which is effective for fiscal years beginning after June 15, 2023. 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 changes. Those changes include things like: certain changes in accounting principles, certain changes in estimates that result from a justified or preferable change in measurement or new methodology. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods; changes to or within the reporting entity be reported by adjusting beginning balances of the current period; and changes in accounting estimates be reported prospectively by recognizing the change in the current period. If the change in accounting principle is the result of a new pronouncement the requirements only apply absent specific transition guidance in the pronouncement. Under this standard it is also necessary to display the total adjustment to beginning net position, fund balance, or fund net position on the face of the financial statements, by reporting unit. This statement also specifies both qualitative and quantitative disclosure requirements. Lastly, this statement provides guidance for if and how these changes should be reflected in required supplementary information and supplementary information. The adoption of this Statement did not have a significant impact on the Fund’s financial statements.

GASB has issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The Fund has not yet determined the effect that the adoption of GASB Statement No. 101 may have on its financial statements.

GASB has also issued Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The objective of this statement is to provide financial statement users with information about risks due to concentrations or constraints common in a governmental environment. The standard requires an assessment of whether any concentrations or constraints increase the government's vulnerability to significant impacts, and whether events associated with concentrations and/or constraints have occurred or are more likely than not to occur within one year of issuance of the financial statements. Further, additional detailed disclosures may be required in certain situations. The Fund has not yet determined the effect that the adoption of GASB Statement No. 102 may have on its financial statements.

GASB has also issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, the statement clarifies that management's discussion and analysis should be limited to only topics in the existing sections and stresses that the detailed analyses section should provide clear explanation of why balances or results changed rather than simply presenting the amounts of the change. (2) unusual or infrequent items, the statement provides description of unusual or infrequent items and where on the statements they should be presented. (3) proprietary fund statement of revenues, expenses, and changes in net position, providing definitions for operating and nonoperating revenues and expenses, and the order in which they should be presented (4) major component unit information, adding a requirement that major component units should be presented separately in the statements unless it reduces readability, and (5) budgetary comparison information should be presented as RSI. The Fund has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) PERS

(Dollars in thousands)	Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Fund's proportionate (percentage) of the net pension liability (asset)	0.402458%	0.445175%	0.403023%	0.370100%	0.385094%	0.386822%	0.381747%	0.383639%	0.413624%	0.413581%
The Fund's proportionate share of the net pension liability (asset)	\$ (18)	\$ 663	\$ (3,538)	\$ 1,957	\$ 828	\$ 999	\$ 1,648	\$ 3,526	\$ 2,310	\$ 1,526
The Fund's covered payroll	\$ 7,211	\$ 7,210	\$ 6,420	\$ 5,750	\$ 5,650	\$ 5,345	\$ 5,183	\$ 5,289	\$ 5,607	\$ 5,538
The Fund's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.25%)	9.20%	(55.11%)	34.03%	14.65%	18.70%	31.81%	66.70%	41.18%	27.56%
Plan fiduciary net position as a percentage of the total pension liability	100.05%	98.24%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date

SCHEDULES OF CONTRIBUTIONS TO THE PERS

(Dollars in thousands)	Years Ended, June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 619	\$ 649	\$ 721	\$ 642	\$ 575	\$ 565	\$ 588	\$ 622	\$ 714	\$ 785
Contributions in relation to the statutorily required contribution	619	649	721	642	575	565	588	622	714	785
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund's covered payroll	\$ 6,878	\$ 7,211	\$ 7,210	\$ 6,420	\$ 5,750	\$ 5,650	\$ 5,345	\$ 5,183	\$ 5,289	\$ 5,607
Contributions as a percentage of covered payroll	9.0%	9.0%	10.0%	10.0%	10.0%	10.0%	11.0%	12.0%	13.5%	14.0%

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**SCHEDULES OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS –
WELFARE BENEFIT PLAN**

	(Dollars in thousands)							
	2024	2023	2022	2021	June 30,			
					2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 283	\$ 245	\$ 223	\$ 200	\$ 172	\$ 143	\$ 147	\$ 150
Interest (includes interest on service cost)	225	215	177	174	227	219	234	245
Changes in benefit terms	(311)	-	(186)	-	-	-	-	-
Differences between expected and actual experience	(477)	-	(58)	-	(142)	-	(200)	-
Changes of assumptions	204	-	1,409	-	560	-	(660)	-
Benefit payments	(158)	(168)	(216)	(92)	(95)	(311)	(228)	(218)
Net change in total OPEB liability	\$ (234)	\$ 292	\$ 1,349	\$ 282	\$ 722	\$ 51	\$ (707)	\$ 177
Total OPEB liability - beginning	7,286	6,994	5,927	5,645	4,923	4,872	5,579	5,402
Total OPEB liability - ending	\$ 7,052	\$ 7,286	\$ 7,276	\$ 5,927	\$ 5,645	\$ 4,923	\$ 4,872	\$ 5,579
Plan fiduciary net position								
Contributions - employer	\$ 402	\$ 450	\$ 789	\$ 321	\$ 95	\$ 311	\$ 228	\$ 405
Net investment income	348	367	(88)	21	180	172	46	22
Benefit payments, including refunds of member contributions	(158)	(168)	(216)	(92)	(95)	(311)	(228)	(218)
Administrative expense	(38)	(24)	(20)	(33)	(20)	(31)	(35)	(16)
Net change in plan fiduciary net position	\$ 554	\$ 625	\$ 465	\$ 217	\$ 160	\$ 141	\$ 11	\$ 193
Plan fiduciary net position - beginning	6,770	6,145	5,962	5,745	5,585	5,444	5,433	5,240
Plan fiduciary net position - ending	\$ 7,324	\$ 6,770	\$ 6,427	\$ 5,962	\$ 5,745	\$ 5,585	\$ 5,444	\$ 5,433
Net OPEB liability (asset) - ending	\$ (272)	\$ 516	\$ 849	\$ (35)	\$ (100)	\$ (662)	\$ (572)	\$ 146
Plan fiduciary net position as a percentage of the total OPEB liability	103.90%	92.90%	88.30%	100.60%	101.78%	113.46%	111.74%	97.40%

SCHEDULES OF CONTRIBUTIONS TO THE WELFARE BENEFIT PLAN

	(Dollars in thousands)							
	2024	2023	2022	2021	June 30,			
					2020	2019	2018	2017
Actuarially determined contribution	\$ 347	\$ 391	\$ 412	\$ 221	\$ 189	\$ 108	\$ 101	\$ 162
Contributions in relation to the actuarially determined contribution	401	450	789	321	95	311	228	405
Contribution (excess)	(54)	(59)	(377)	(100)	94	(203)	(127)	(243)
Covered employee payroll	\$ 6,906	\$ 6,317	\$ 6,133	\$ 5,946	\$ 5,773	\$ 5,582	\$ 5,396	\$ 5,268
Contributions as a percentage of covered employee payroll	5.81%	7.12%	12.88%	5.41%	1.65%	5.57%	4.23%	7.69%

**SCHEDULES OF ANNUAL RATE OF RETURN ON INVESTMENTS –
WELFARE BENEFIT PLAN**

	June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Money-weighted rate of return, net of investment expense	5.25%	1.27%	(1.42%)	0.17%	3.23%	3.37%	0.78%	0.66%

See Independent Auditor's Report and Notes to the Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – RETIREMENT PLAN TREND INFORMATION PRESENTED

The accompanying schedules of the Fund’s proportionate share of the net pension liabilities (assets) and contributions to the PERS and the Welfare Benefit Plan and the schedules of annual rate of return on investments of the Welfare Benefit Plan are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

NOTE B – RETIREMENT PLAN ACTUARIAL ASSUMPTIONS AND METHODS

The information presented in the Schedules of Contributions to PERS was based on the actuarial valuation as of July 1, 2020 using the actuarial assumptions and methods as follows:

	2022-2023	2021
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases:		
State	2.75% - 5.55%	2.75% - 5.55%
Non-state	3.60 - 6.75%	3.60 - 6.75%
Inflation rate	2.75%	2.75%
Discount rate	7.25%	7.25%
Mortality rates	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018
	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018
	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018
	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018
	Disabled females - 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018	Disabled females - 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018
Withdrawal rates:		
State	2.28 - 45.63%	2.275 - 45.63%
Non-state	2.50 - 35.88%	2.50 - 35.88%
Disability rates	.005 - 0.540%	.005 - 0.540%
Retirement rates	12% - 100%	12% - 100%
Date range in most recent experience study	2013-2018	2013-2018

	2020	2019	2015-2018
Actuarial cost method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value	Fair value
Amortization method	Level dollar, fixed period	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through Fiscal Year 2029	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial assumptions:			
Investment rate of return	7.50%	7.50%	7.50%
Projected salary increases:			
State	3.1 - 5.3%	3.1 - 5.3%	3.0 - 4.6%
Non-state	3.35 - 6.5%	3.35 - 6.5%	3.35 - 6.0%
Inflation rate	3.00%	3.00%	3.0% (2015-1.90%)
Discount rate	7.50%	7.50%	7.50%
Mortality rates	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018	Active - 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with with scale MP-2018	Active - 100% of RP-2000 Non-Annuitant, Scale AA fully generational
	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018	Retired healthy males - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational
	Retired healthy females - 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018	Retired healthy females - 122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018	Retired healthy females - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational
	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018	Disabled males - 118% of Pub-2010 General/Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018	Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational
	Disabled females - 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018	Disabled females - 118% of Pub-2010 General/Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational
Withdrawal rates:			
State	2.275 - 45.63%	2.28 - 45.63%	1.75 - 35.10%
Non-state	2.50 - 35.88%	2.00 - 35.88%	2.00 - 35.88%
Disability rates	.005 - 0.540%	.005 - 0.540%	.007 - .675%
Retirement rates	12% - 100%	12% - 100%	12% - 100%
Date range in most recent experience study	2013-2018	2013-2018	2009-2014

The information presented in the Schedules of Contributions to the Welfare Benefit Plan was based on the actuarial assumptions and methods as follows:

Valuation date	1/1/2024 Rolled forward to 6/30/2024
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	13 years as of 1/1/2024
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2024 grading down to 3% over 20 years Medicare: No Medicare coverage; PEIA penalty payments are not expected to increase Administrative expenses: 2.5% per year

Valuation date	1/1/2022 Rolled forward to 6/30/2023
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	15 years as of 1/1/2022
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2022 grading down to 2.72% over 19 years Medicare: 5.0% in calendar 2022 and 2023 5.0% grading down to 2.72% over 18 years Administrative expenses: 2.72% per year

Valuation date	1/1/2022 Rolled forward to 6/30/2022
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	15 years as of 1/1/2022
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2022 grading down to 2.72% over 19 years Medicare: 5.0% in calendar 2022 and 2023 5.0% grading down to 2.72% over 18 years Administrative expenses: 2.72% per year

Valuation date	1/1/2020 Rolled forward to 6/30/2021
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	17 years as of 1/1/2020
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2020 grading down to 2.72% over 19 years Medicare: 0.0% in calendar 2020 and 2021 5.0% grading down to 2.72% over 18 years Administrative expenses: 2.72% per year

Valuation date	1/1/2020 Rolled forward to 6/30/2020
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay Closed
Remaining Amortization Period	17 years as of 1/1/2020
Actuarial Assumptions:	
Discount rate	3.00%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2020 grading down to 2.72% over 19 years Medicare: 0.0% in calendar 2020 and 2021 5.0% grading down to 2.72% over 18 years Administrative expenses: 2.72% per year

Valuation date	1/1/2018 Rolled forward to 6/30/2019
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay Closed
Remaining Amortization Period	19 years as of 1/1/2018
Actuarial Assumptions:	
Discount rate	4.50%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 8.40% in calendar 2018 grading down to 4.0% over 15 years Medicare: 0.0% in calendar 2018 and 2019 5.0% grading down to 4.0% over 13 years Administrative expenses: 4.0% per year

Valuation date	1/1/2016 Rolled forward to 6/30/2017
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation completed during even calendar years
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Amortization Method	Level Percentage of Pay Closed
Remaining Amortization Period	21 years as of 1/1/2016
Actuarial Assumptions:	
Discount rate	4.50%
Salary Increases	3% total payroll growth
Healthcare cost trend rates	Pre-Medicare: 10.0% in calendar 2016 grading down to 4.0% over 15 years Medicare: 6.0% in calendar 2016 grading down to 4.0% over 15 years Administrative expenses: 4.0% per year

NOTE C – PERS PLAN AMENDMENTS

The PERS was amended to make changes which apply to new employees hired on or after July 1, 2015 as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired after July 1, 2015, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between the ages of 60 and 62 with at least ten years of contributory service, between ages 57 and 62 with at least twenty years of contributory service or between the ages 55 and 62 with at least thirty years of contributory service.
- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015 average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.
- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64 with at least ten years of contributory service, or age 63 with at least twenty years of contributory service.
- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired on or after July 1, 2015, are required to contribute 6% of annual earnings.

STATISTICAL SECTION

This part of the West Virginia Housing Development Fund's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Fund's overall financial health.

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Revenue Capacity Information This schedule contains trend information to help the reader understand the Fund's capacity to earn revenues and the primary sources of those revenues.	64
Debt Capacity Information These schedules contain trend information to help the reader understand the Fund's outstanding debt, the capacity to repay that debt, and the ability to issue additional debt in the future.	66
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WEST VIRGINIA HOUSING DEVELOPMENT FUND
CONDENSED SCHEDULES OF NET POSITION
AS OF JUNE 30
(Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ASSETS										
Cash and investments	\$ 356,182	\$ 300,776	\$ 302,586	\$ 470,805	\$ 205,548	\$ 177,286	\$ 162,289	\$ 191,200	\$ 188,679	\$ 187,282
Mortgage loans receivable	1,091,526	854,776	764,972	735,328	749,259	734,106	705,415	713,679	727,939	729,757
Other	15,853	15,581	18,882	16,638	21,366	19,915	17,969	19,389	20,803	26,220
TOTAL ASSETS	\$ 1,463,561	\$ 1,171,133	\$ 1,086,440	\$ 1,222,771	\$ 976,173	\$ 931,307	\$ 885,673	\$ 924,268	\$ 937,421	\$ 943,259
DEFERRED OUTFLOWS OF RESOURCES										
Deferred outflows of resources related to pension and OPEB	\$ 2,131	\$ 3,267	\$ 3,795	\$ 2,355	\$ 1,395	\$ 979	\$ 1,101	\$ 2,070	\$ 1,974	\$ 906
LIABILITIES										
Bonds and notes payable, net of discounts	\$ 683,688	\$ 389,972	\$ 286,406	\$ 312,921	\$ 333,547	\$ 307,118	\$ 281,604	\$ 337,771	\$ 363,880	\$ 391,447
Other liabilities	170,113	188,076	217,480	344,155	89,643	88,491	87,683	88,825	85,489	77,300
TOTAL LIABILITIES	\$ 853,801	\$ 578,048	\$ 503,886	\$ 657,076	\$ 423,190	\$ 395,609	\$ 369,287	\$ 426,596	\$ 449,369	\$ 468,747
DEFERRED INFLOWS OF RESOURCES										
Deferred inflows of resources related to pension and OPEB	\$ 632	\$ 367	\$ 5,283	\$ 1,100	\$ 1,405	\$ 1,489	\$ 1,486	\$ 316	\$ 1,489	\$ 1,615
NET POSITION										
Restricted for debt service	\$ 409,809	\$ 397,878	\$ 385,364	\$ 387,784	\$ 381,723	\$ 369,969	\$ 357,312	\$ 346,325	\$ 341,213	\$ 319,293
Restricted by state statute for bond insurance, land development and Affordable Housing Fund	66,336	72,906	75,675	76,547	76,176	73,547	72,410	67,020	71,329	75,060
Restricted for pension and OPEB	414	-	3,538	35	100	662	572	-	-	-
Net investment in capital assets	7,168	7,350	7,619	7,888	8,173	8,409	8,538	8,663	9,032	9,378
Unrestricted	127,532	117,851	108,870	94,696	86,801	82,601	77,169	77,418	66,963	70,072
TOTAL NET POSITION	\$ 611,259	\$ 595,985	\$ 581,066	\$ 566,950	\$ 552,973	\$ 535,188	\$ 516,001	\$ 499,426	\$ 488,537	\$ 473,803

WEST VIRGINIA HOUSING DEVELOPMENT FUND
CONDENSED SCHEDULES OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED JUNE 30
(Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
OPERATING REVENUES										
Interest on loans	\$ 41,298	\$ 31,864	\$ 28,927	\$ 29,845	\$ 30,965	\$ 30,212	\$ 29,676	\$ 31,106	\$ 32,296	\$ 34,013
Pass-Through Grant revenues	120,408	150,693	191,700	84,161	74,479	70,445	69,164	72,124	75,910	75,785
Other	10,620	9,474	9,844	11,847	9,927	9,462	8,213	8,321	7,851	7,366
	<u>172,326</u>	<u>192,031</u>	<u>230,471</u>	<u>125,853</u>	<u>115,371</u>	<u>110,119</u>	<u>107,053</u>	<u>111,551</u>	<u>116,057</u>	<u>117,164</u>
OPERATING EXPENSES										
Pass-Through Grant expenses	120,408	150,693	191,700	84,161	74,479	70,445	69,164	72,124	75,910	75,785
Program and administrative expenses	29,157	21,088	14,575	18,401	19,341	17,301	15,979	17,770	18,346	17,904
	<u>149,565</u>	<u>171,781</u>	<u>206,275</u>	<u>102,562</u>	<u>93,820</u>	<u>87,746</u>	<u>85,143</u>	<u>89,894</u>	<u>94,256</u>	<u>93,689</u>
OPERATING INCOME	<u>22,761</u>	<u>20,250</u>	<u>24,196</u>	<u>23,291</u>	<u>21,551</u>	<u>22,373</u>	<u>21,910</u>	<u>21,657</u>	<u>21,801</u>	<u>23,475</u>
NON-OPERATING - FINANCING AND INVESTING REVENUES (EXPENSES)										
Net investment income	10,829	4,592	(2,723)	262	6,071	6,241	877	(82)	5,116	2,998
Interest and debt expense	(18,316)	(9,923)	(7,357)	(9,576)	(9,837)	(9,427)	(9,573)	(10,686)	(12,183)	(13,900)
	<u>(7,487)</u>	<u>(5,331)</u>	<u>(10,080)</u>	<u>(9,314)</u>	<u>(3,766)</u>	<u>(3,186)</u>	<u>(8,696)</u>	<u>(10,768)</u>	<u>(7,067)</u>	<u>(10,902)</u>
INCOME BEFORE SPECIAL ITEM	<u>15,274</u>	<u>14,919</u>	<u>14,116</u>	<u>13,977</u>	<u>17,785</u>	<u>19,187</u>	<u>13,214</u>	<u>10,889</u>	<u>14,734</u>	<u>12,573</u>
SPECIAL ITEM										
Transfer of operations***	-	-	-	-	-	-	4,469	-	-	-
CHANGE IN NET POSITION	<u>15,274</u>	<u>14,919</u>	<u>14,116</u>	<u>13,977</u>	<u>17,785</u>	<u>19,187</u>	<u>17,683</u>	<u>10,889</u>	<u>14,734</u>	<u>12,573</u>
NET POSITION AT BEGINNING OF YEAR	<u>595,985</u>	<u>581,066</u>	<u>566,950</u>	<u>552,973</u>	<u>535,188</u>	<u>516,001</u>	<u>498,318**</u>	<u>488,537</u>	<u>473,803</u>	<u>461,230*</u>
NET POSITION AT END OF YEAR	<u>\$ 611,259</u>	<u>\$ 595,985</u>	<u>\$ 581,066</u>	<u>\$ 566,950</u>	<u>\$ 552,973</u>	<u>\$ 535,188</u>	<u>\$ 516,001</u>	<u>\$ 499,426</u>	<u>\$ 488,537</u>	<u>\$ 473,803</u>

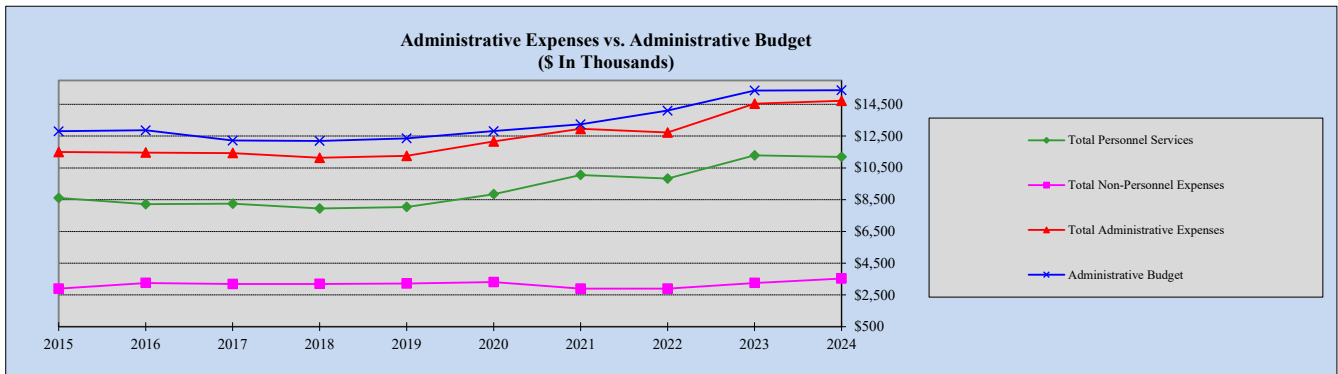
* Restated for implementation of GASB 68

** Restated for implementation of GASB 75

***Transfer of WVAHTF operations to WVHDF

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30**
(Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Salaries	\$ 6,906	\$ 7,193	\$ 7,339	\$ 6,580	\$ 6,000	\$ 5,766	\$ 5,395	\$ 5,268	\$ 5,346	\$ 5,797
Benefits	4,287	4,092	2,490	3,476	2,847	2,274	2,553	2,979	2,869	2,808
Contract Services & Temporaries	-	-	-	-	-	-	-	-	-	7
Total Personnel Services	\$ 11,193	\$ 11,285	\$ 9,829	\$ 10,056	\$ 8,847	\$ 8,040	\$ 7,948	\$ 8,247	\$ 8,215	\$ 8,612
Total Non-Personnel Expenses	3,534	3,255	2,900	2,897	3,313	3,223	3,194	3,190	3,254	2,892
Total Administrative Expenses	\$ 14,727	\$ 14,540	\$ 12,729	\$ 12,953	\$ 12,160	\$ 11,263	\$ 11,142	\$ 11,437	\$ 11,469	\$ 11,504
Administrative Budget	\$ 15,393	\$ 15,365	\$ 14,103	\$ 13,241	\$ 12,811	\$ 12,352	\$ 12,193	\$ 12,216	\$ 12,865	\$ 12,802
(Under) Over Budget	(4.33%)	(5.37%)	(9.74%)	(2.18%)	(5.08%)	(8.82%)	(8.62%)	(6.38%)	(10.85%)	(10.14%)
Total Administrative Expenses	\$ 14,727	\$ 14,540	\$ 12,729	\$ 12,953	\$ 12,160	\$ 11,263	\$ 11,142	\$ 11,437	\$ 11,469	\$ 11,504
Less Administrative Reimbursements	(3,277)	(4,394)	(6,695)	(3,155)	(1,425)	(1,594)	(1,196)	(752)	(617)	(1,348)
Total per the Financial Statements	\$ 11,450	\$ 10,146	\$ 6,034	\$ 9,798	\$ 10,735	\$ 9,669	\$ 9,946	\$ 10,685	\$ 10,852	\$ 10,156
Number of employees by department / function:										
Legal and Quality Control	8	7	7	7	7	7	7	7	6	5
Executive and Human Resources	6	8	7	7	7	7	7	5	6	8
Finance, Accounting & Administrative Services	15	14	13	13	11	13	13	15	16	16
Internal Audit	2	2	2	2	1	2	1	1	1	2
Loan Servicing	30	25	27	31	26	27	27	25	26	24
Single Family Loan Originations	16	16	17	18	17	18	17	17	16	15
Multifamily Development, Asset Management & Technical Services	37	38	43	40	35	31	30	29	31	31
Total number of employees	114	110	116	118	104	105	102	99	102	101



**West Virginia Housing Development Fund
Revenue Base, Revenue Rate and Principal Payers
(Dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenue Base:										
Average Balance of										
Mortgage Loans Outstanding, Net (1)	\$ 905,939	\$ 745,547	\$ 685,490	\$ 677,682	\$ 677,874	\$ 655,670	\$ 644,418	\$ 656,732	\$ 669,862	\$ 682,314
Interest on loans	41,298	31,864	28,927	29,845	30,965	30,212	29,676	31,106	32,296	34,014
Revenue Rate: (2)	4.56%	4.27%	4.22%	4.40%	4.57%	4.61%	4.61%	4.74%	4.82%	4.99%

Principal Payers by Loan Type:

	2024		2015	
Single Family Loans	\$ 782,191	86.34%	\$ 615,464	90.20%
Multifamily Loans	85,244	9.41%	45,160	6.62%
All Other Loans	38,504	4.25%	21,690	3.18%
	<u>\$ 905,939</u>	<u>100.00%</u>	<u>\$ 682,314</u>	<u>100.00%</u>

(1) Federal Program Loans have been excluded from this average. They do not have financial earnings associated with them.

(2) The Revenue Rate was calculated by dividing the Interest on Loans Revenue by the Average Outstanding Mortgage Loan Balance for the year.

Note: Current economic conditions have a direct impact on the Fund's revenue rates. Interest rates on mortgages must remain competitive in the market and must also meet IRS regulations. Although the market has the largest impact on the interest rates on loans, loan volume can also impact revenue earnings significantly.

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
REVENUE BOND COVERAGE
FOR THE YEARS ENDED JUNE 30**
(Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Available for Debt Service										
Bond Program Gross Revenues	\$ 43,250	\$ 29,751	\$ 22,771	\$ 26,371	\$ 30,914	\$ 30,435	\$ 26,647	\$ 27,820	\$ 32,783	\$ 32,785
Bond Program Direct Operating Expenses	17,989	10,814	7,833	7,962	9,323	8,351	6,441	7,022	6,980	7,435
Net Bond Revenue Available for Debt Service	25,261	18,937	14,938	18,409	21,591	22,084	20,206	20,798	25,803	25,350
Mortgage Loan Principal Repayments	52,649	53,072	82,523	93,583	64,293	53,884	59,425	65,361	64,561	61,769
Total Available for Debt Service	\$ 77,910	\$ 72,009	\$ 97,461	\$ 111,992	\$ 85,884	\$ 75,968	\$ 79,631	\$ 86,159	\$ 90,364	\$ 87,119
Debt Service Requirement										
Scheduled Principal Payments*	\$ 21,915	\$ 18,885	\$ 21,135	\$ 26,785	\$ 24,575	\$ 23,385	\$ 28,095	\$ 27,075	\$ 24,240	\$ 23,345
Interest Payments	16,122	9,142	7,456	9,862	10,013	9,101	9,904	10,967	12,690	14,769
Total Debt Service Requirement	\$ 38,037	\$ 28,027	\$ 28,591	\$ 36,647	\$ 34,588	\$ 32,486	\$ 37,999	\$ 38,042	\$ 36,930	\$ 38,114
Coverage Percentages	204.83%	256.93%	340.88%	305.60%	248.31%	233.85%	209.56%	226.48%	244.69%	228.57%
Total Debt Outstanding on Revenue Bonds	\$ 683,688	\$ 389,972	\$ 286,406	\$ 312,921	\$ 333,547	\$ 307,118	\$ 281,604	\$ 337,771	\$ 363,880	\$ 391,477

Qualified mortgage revenue bonds are structured in such a way that both mortgage loan repayments and gross revenues are used for bond repayment. Accordingly, to achieve adequate debt service coverage, mortgage loan repayments must be considered. Due to the nature of qualified mortgage revenue bonds, the Fund's bond resolutions and indentures do not have required revenue bond coverage percentages. The above information is provided for general information purposes only.

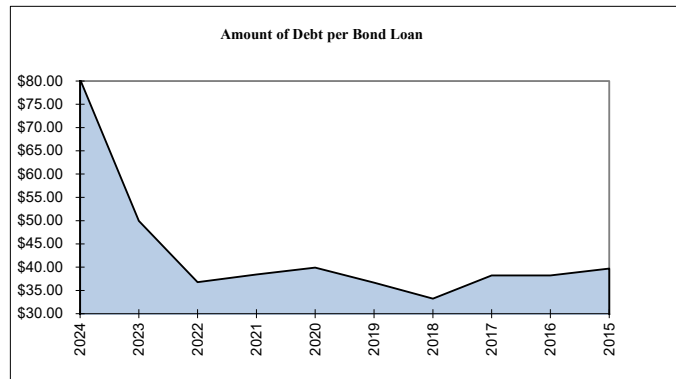
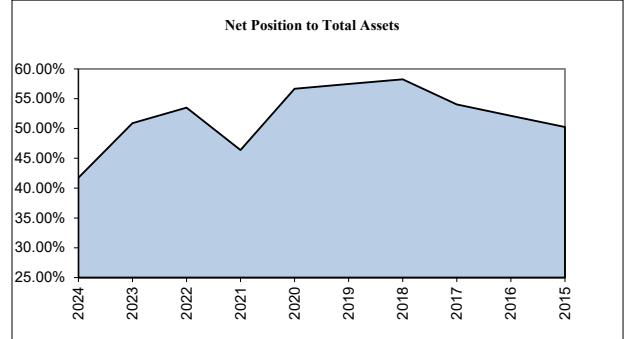
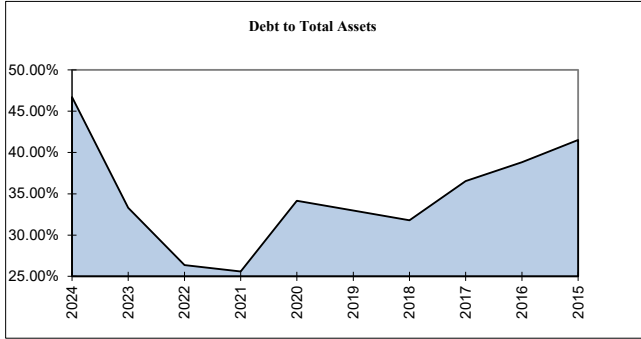
Debt Limitations:

The Act authorizes the Fund to issue bonds and notes for its various programs in an aggregate principal amount not to exceed \$1,250,000,000 outstanding at any one time, exclusive of refunded obligations.

* Scheduled principal payments do not include bonds retired through bond refundings.

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
FINANCIAL RATIOS
AS OF JUNE 30**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt to Total Assets	46.71%	33.30%	26.36%	25.59%	34.17%	32.98%	31.80%	36.54%	38.82%	41.50%
Net Position to Total Assets	41.77%	50.89%	53.48%	46.37%	56.65%	57.47%	58.26%	54.03%	52.12%	50.23%
Amount of debt per bond loan (in thousands)	\$ 79.48	\$ 49.11	\$ 35.99	\$ 37.70	\$ 38.99	\$ 35.78	\$ 32.33	\$ 37.31	\$ 37.33	\$ 38.79



**West Virginia Housing Development Fund
Housing and Population Demographics
Based on Calendar Years**

	2023*	2022	2021	2020	2019	2018	2017	2016	2015	2014
Median Home Value - WV	\$145,800	\$128,800	\$123,200	\$119,600	\$115,000	\$111,600	\$107,400	\$103,800	\$100,200	\$98,500
Median Home Value - US	\$281,900	\$244,900	\$229,800	\$217,500	\$204,900	\$193,500	\$184,700	\$178,600	\$175,700	\$176,700
Housing inventory - owner occupied - WV	74.20%	73.90%	73.70%	73.20%	72.90%	72.70%	72.50%	72.50%	73.00%	73.40%
Housing inventory - owner occupied - US	64.80%	64.60%	64.40%	64.00%	63.80%	63.80%	63.60%	63.90%	64.40%	65.13%
Housing inventory - renter - WV	25.80%	26.10%	26.30%	26.80%	27.10%	27.30%	27.50%	27.50%	27.00%	26.60%
Housing inventory - renter - US	35.20%	35.40%	35.60%	36.00%	36.20%	36.20%	36.40%	36.10%	35.60%	34.87%
Homeowner vacancy rate - WV	0.90%	0.90%	1.00%	0.70%	0.80%	1.80%	1.80%	1.60%	1.80%	2.20%
Homeowner vacancy rate - US	0.90%	0.70%	0.80%	0.90%	0.90%	1.30%	1.60%	1.70%	1.80%	1.90%
Rental vacancy rate - WV	9.90%	5.40%	7.30%	6.00%	6.40%	5.00%	8.70%	8.70%	8.30%	9.10%
Rental vacancy rate - US	6.60%	6.30%	5.60%	6.20%	5.70%	6.80%	7.20%	6.90%	7.10%	7.60%
Total WV Housing Units	863,745	861,633	858,481	894,956	894,956	893,778	892,226	886,640	885,475	879,449
Total WV Households	716,040	711,352	734,235	732,585	734,676	737,671	739,397	740,890	742,359	741,390
Population - WV	1,770,071	1,775,156	1,782,959	1,793,716	1,852,994	1,852,994	1,852,994	1,852,994	1,852,994	1,852,994
Personal income - WV (\$ in thousands)	\$ 88,744,908	\$ 86,451,772	\$ 85,256,100	\$ 80,510,200	\$ 75,952,800	\$ 73,334,400	\$ 68,954,367	\$ 68,548,511	\$ 68,272,316	\$ 67,804,094
Per capita personal income - WV	\$ 49,993	\$ 48,488	\$ 47,817	\$ 45,109	\$ 42,336	\$ 40,578	\$ 37,924	\$ 37,386	\$ 37,047	\$ 36,644
Unemployment Rate - WV	4.10%	3.30%	3.60%	5.80%	10.50%	4.70%	5.30%	4.60%	6.00%	7.40%

Population - WV		
White	1,642,626	92.80%
Black	67,263	3.80%
Native American	5,310	0.30%
Asian & Pacific Islanders	15,931	0.90%
Two or more Races	38,941	2.20%
Total Population	1,770,071	100.00%

Source: US Decennial Census, Bureau of Economic Analysis, WorkForce WV, US Census Bureau

*Most current data available

**West Virginia Housing Development Fund
State of West Virginia - Principal Employers
June 30, 2023 and June 30, 2014**

Estimated as of June 30, 2023*

Major West Virginia Employers	Number of Employees	Percentage of Total Employed
Local Government	70,000 - 74,999	9.60%
State Government	40,000 - 44,999	5.44%
Federal Government	25,000 - 29,999	3.38%
WVU Medicine (formerly West Virginia United Health Systems)	> 10,000	2.19%
Charleston Area Medical Center, Inc.	> 10,000	1.66%
Wal-Mart Associates, Inc.	> 10,000	1.46%
Marshall Health	5,000 - 9,999	0.99%
Kroger	2,500 - 4,999	0.46%
Alpha Metallurgical Services, LLC	2,500 - 4,999	0.46%
Communicare	2,500 - 4,999	0.46%
Lowe's Home Centers, Inc.	2,500 - 4,999	0.46%
Toyota Motor Manufacturing	2,500 - 4,999	0.46%
American Consolidated Natural Resources, Inc.	2,500 - 4,999	0.46%

Estimated as of June 30, 2014

Major West Virginia Employers	Number of Employees	Percentage of Total Employed
Local Government	74,000 - 79,999	10.12%
State of West Virginia	40,000 - 44,999	5.68%
Federal Government	20,000 - 24,999	3.12%
Wal-Mart Associates, Inc.	10,000 - 12,999	1.54%
West Virginia United Health Systems	7,000 - 9,999	1.14%
Charleston Area Medical Center, Inc.	5,000 - 6,999	0.81%
Kroger	3,000 - 4,999	0.54%
Mylan Pharmaceuticals, Inc.	3,000 - 4,999	0.54%
Murray American Energy, Inc.	1,000 - 2,999	0.27%
St Mary's Hospital	1,000 - 2,999	0.27%
Lowe's Home Centers, Inc.	1,000 - 2,999	0.27%
Mentor Management, Inc.	1,000 - 2,999	0.27%
Res-Care, Inc.	1,000 - 2,999	0.27%

*Most current data available

Source: WorkForce WV

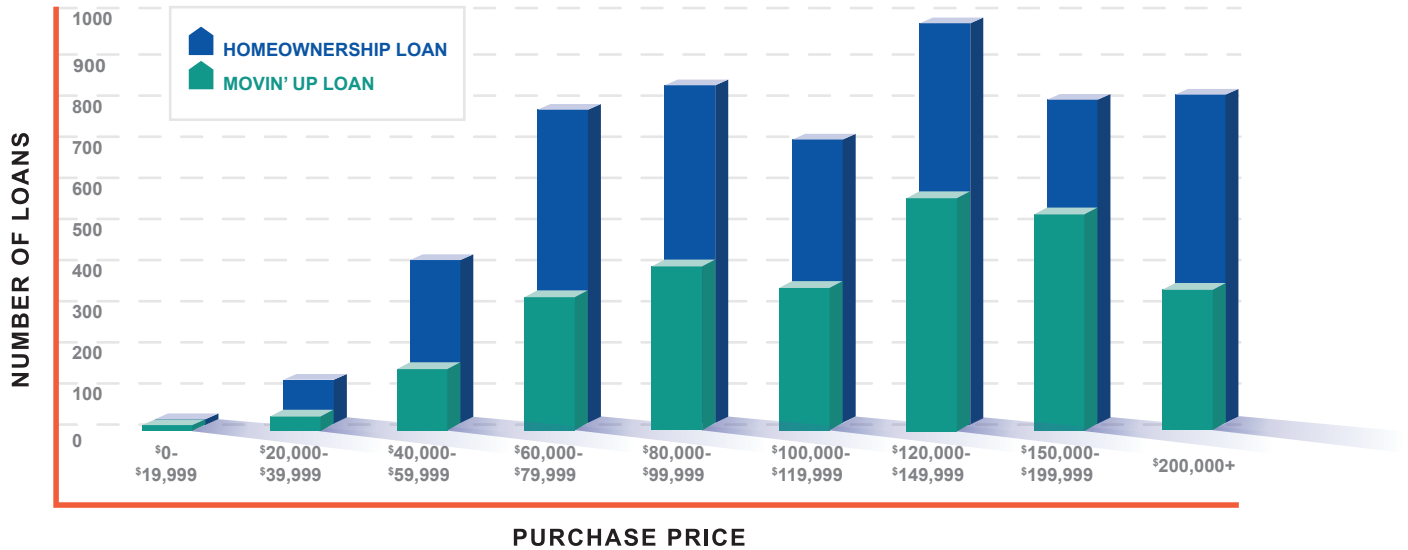
**WEST VIRGINIA HOUSING DEVELOPMENT FUND
SUMMARY OF FIRST-TIME HOMEBUYER DATA
MORTGAGE REVENUE BOND (MRB) PROGRAMS**

	State Housing Agencies MRB Programs (2022 Data)*	WVHDF MRB Programs (Calendar Year 2023 Data)
Borrower's Age		
Average	34	33
<25		24%
25-34		41%
35-44		19%
45-54		10%
55-64		4%
65+		2%
Average Household Size (persons)	2.00	1.98
Annual Income		
Median	\$59,465	\$59,779
Average	\$63,521	\$61,891
New or Existing Home		
Existing	93.0%	90.0%
New	7.0%	10.0%
Sales Price		
Median	Not Available	\$148,000
Average	\$203,585	\$165,614
Average Mortgage Amount	\$198,864	\$155,717
Percent Receiving Agency Downpayment Assistance	86.0%	88.7%
Location		
Non-Targeted County	83.0%	81.5%
Targeted County	17.0%	18.5%
Mortgage Insurance/Guarantee		
Federal Housing Administration	52.0%	55.15%
Veterans Administration	2.0%	1.40%
Rural Development	5.0%	2.36%
Private Mortgage Insurance	28.0%	33.14%
Uninsured & Other	13.0%	7.95%

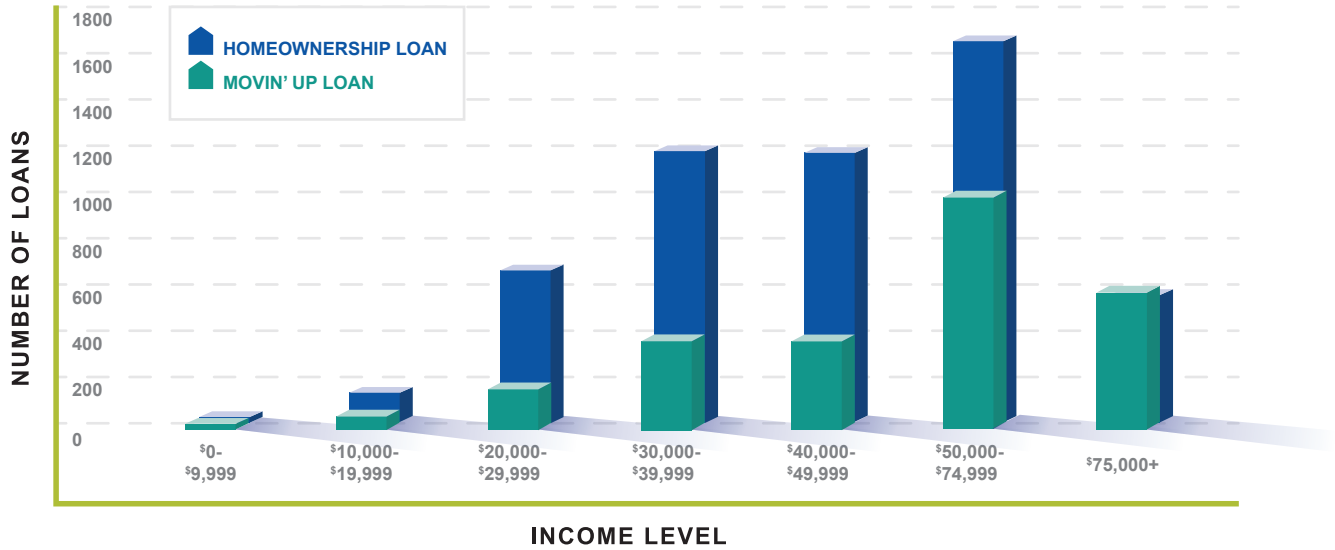
*Source: State Housing Finance Association (HFA) Factbook: 2022 NCSHA Annual Survey Results (most current available)

HOMEOWNERSHIP LOANS vs MOVIN' UP LOANS

Homeownership Loans* vs Movin' Up Loans* by
PURCHASE PRICE



Homeownership Loans* vs Movin' Up Loans* by
BORROWER INCOME LEVEL



*Movin' Up 7/1/2014 - 6/30/2024
*Homeownership 7/1/2014 - 6/30/2024

HOMEOWNERSHIP

\$117,869

Average Purchase Price

\$109,903

Average Loan Amount

\$43,841

Average Borrower Income

MOVIN' UP

\$134,659

Average Purchase Price

\$127,071

Average Loan Amount

\$55,884

Average Borrower Income



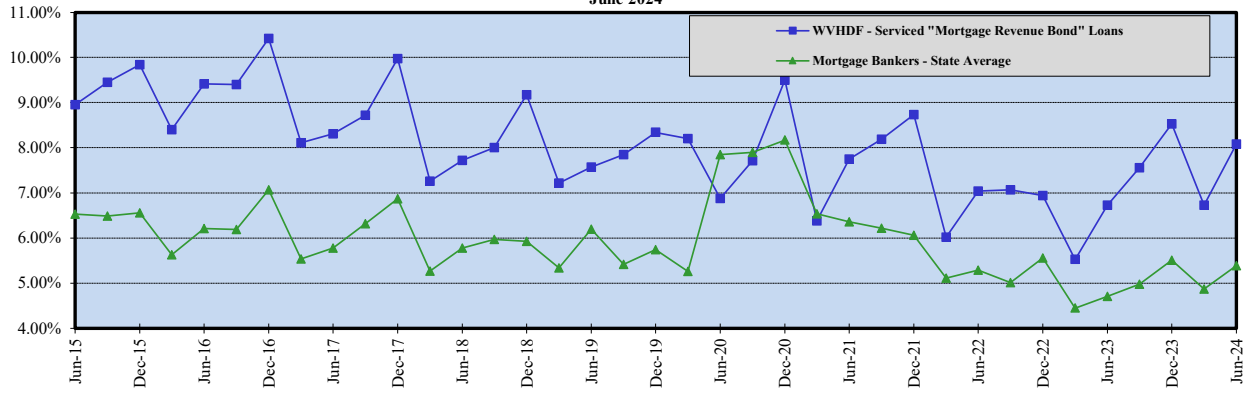
West Virginia Housing
Development Fund

wvhdf.com

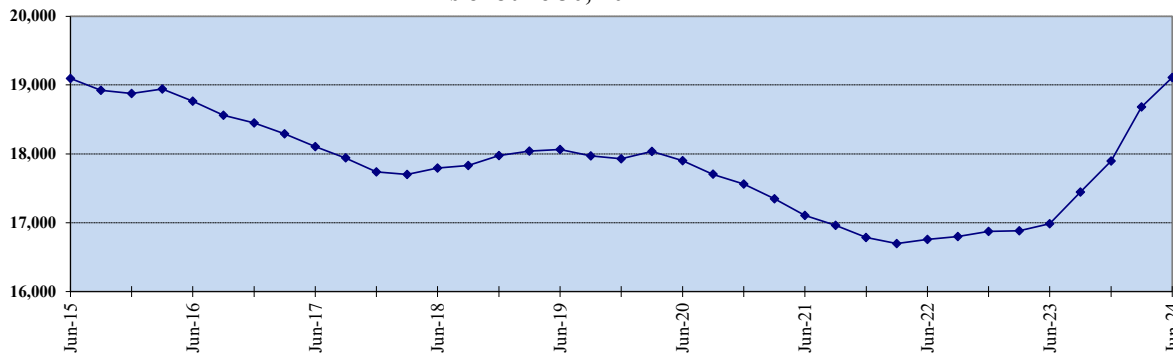


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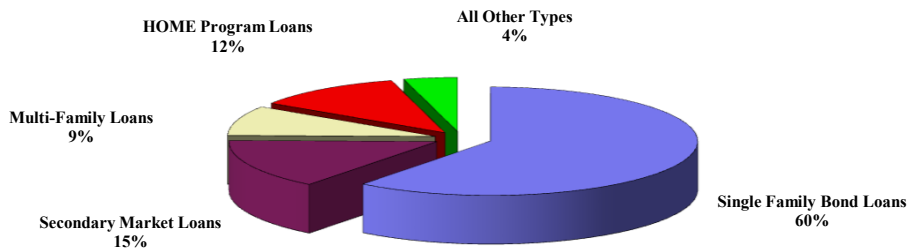
**West Virginia Housing Development Fund
Comparison of Housing Development Fund Delinquency Rates to the
Mortgage Bankers Association State Rates
June 2024**



**West Virginia Housing Development Fund
Change In Number of Loans Serviced
As of June 30, 2024**



**West Virginia Housing Development Fund
Servicing Portfolio By Program Type
As of June 30, 2024**



**West Virginia Housing Development Fund
Housing Unit Production Report
As of Fiscal Year Ending June 30, 2024**

Program	Net Units*	
	FY2024	Total
Homeownership Programs		
MRB	1,611	49,196
Movin' Up Program	25	2,202
Secondary Market	41	14,609
FHLB	-	13
Inactive	n/a	11,245
Multifamily / Commercial		
Development Financing Programs	492	4,150
Low-Income Housing Tax Credit	389	13,049
Inactive	n/a	14,206
Special Programs		
Current Programs	12	2,852
Inactive	n/a	10,261
Federal Programs		
HOME - Rental	26	623
HOME - CHDO	-	865
HOME - Leveraged	-	154
National Housing Trust Fund	56	110
Emergency Rental Assistance	1,012	33,518
Homeowner Assistance	2,144	6,932
Inactive	n/a	1,727
Land Development		
Current Programs	-	163
Inactive	n/a	5,919
Total Units	5,808	171,794

* Net units are units that are counted only once, even if they have more than one source of program financing.

WEST VIRGINIA HOUSING DEVELOPMENT FUND TEN-YEAR MILESTONE ACHIEVEMENTS

2015 – The Fund’s Demolition Program has evolved into the West Virginia Property Rescue Initiative (WVPRI) through a bill passed by the State legislature during the 2015 session. The Fund will allocate \$1 million per fiscal year over the next five years to the WVPRI. The Fund will provide low-interest rate loans to municipalities and counties to be used to demolish or rehabilitate dilapidated, abandoned housing throughout the state. When appropriate the Fund will provide technical assistance, training and consulting services to counties and municipalities regarding the identification, purchase, removal and rehabilitation of properties.

2016 – The Fund offered first-time lower-income homebuyers the lowest mortgage rate in the history of the Fund. First-time homebuyers were offered a 30-year fixed rate loan at 2.75%. This low interest rate was possible through a \$15 million bond issue coupled with a special bond refunding.

2017 – The Fund partnered with the Federation of Appalachian Housing Enterprises (FAHE) and the United States Department of Agriculture (USDA) to offer the USDA’s Section 502 Direct Loan Program. This program helps low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant’s repayment ability.

2018 - On June 8, 2018, the State Legislature created the Affordable Housing Fund through the transfer of operations of the West Virginia Housing Trust Fund (WVAHTF) to the Fund. The Legislation maintains those funds for its original purpose in support of much-needed affordable Housing. The Affordable Housing Fund’s purpose is to provide funding for both technical assistance and housing assistance for non-profits and government entities to encourage stronger partnerships, collaboration and greater involvement of local communities in meeting housing needs in the State. The Fund also worked in coordination with Federal Home Loan Bank Pittsburgh to create a newly developed program called Home4Good. Home4Good is to address unmet and critical needs in the existing Continuums of Care across the state. The initiative will provide a flexible source of funding for organizations working to address homelessness in West Virginia with the primary objective of ensuring that if an individual is faced with homelessness it is rare, brief and non-recurring.

2019 – The Fund issued \$60,000,000 in single family bonds during the fiscal year. It was also the highest production year since 2014. In June 2019, Standard and Poor’s Rating Service affirmed the Fund’s AAA credit rating. The Fund is the only State housing finance agency to receive an “AAA” rating.

2020 – The Fund issued \$60,000,000 in single family bonds during the fiscal year of which \$30,000,000 produced the 2nd lowest rate in Fund history at 3.32%. During fiscal year 2020, the COVID-19 pandemic not only affected the Fund’s investment rates and earnings but it also affected borrowers’ ability to make payments on mortgage loans. Related to the pandemic, the Fund has provided a temporary forbearance to 261 borrowers during the fiscal year.

2021 –Through congressional appropriations related to the COVID-19 pandemic, the Fund began administering programs related to emergency rental and homeowner assistance on behalf of the State. The Fund received the State’s allocation of \$200,000,000 to administer the rental assistance program (MRAP). An additional \$152,000,000 was allocated to the State for rental assistance and \$50,000,000 in homeowner assistance funds.

2022 –The Fund produced more than \$110,000,000 in single family loans. In addition, the Fund provided over \$112,000,000 in rental assistance to 30,338 households and over \$2,270,000 in homeowner assistance to 1,275 households under the COVID-19 pandemic-related emergency rental and homeowner assistance programs the Fund administers on behalf of the state.

2023 –The Fund issued \$134,953,000 in single family bonds during the fiscal year and produced \$144,000,000 in single family loans. The Fund continued to administer COVID-19 Pandemic-related rental assistance of

\$46,000,000 and homeowner assistance of \$16,000,000. The multifamily program produced \$30,000,000 in permanent and constructions loans creating over 20,000 units.

2024 –The Fund produced \$287,735,000 in single family loans. To assist with single family production, the Fund issued \$325,000,000 in Housing Finance Bonds. The Fund also provided COVID-19 pandemic-related homeowner assistance of \$16,697,000 and rental assistance of \$2,744,000.

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