West Virginia Housing Development Fund

AUDITED FINANCIAL STATEMENTS
and Accompanying Financial Information

For the years ended June 30, 2023 and 2022

Audited Financial Statements and
Accompanying Financial Information

WEST VIRGINIA HOUSING DEVELOPMENT FUND

For the Years Ended June 30, 2023 and 2022

Audited Financial Statements

Required Supplementary Information

Accompanying Financial Information

Government Auditing Standards and Uniform Guidance Reports

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

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, 2023 and 2022, 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 West Virginia Housing Development Fund as of June 30, 2023 and 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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.

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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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

Required Supplementary Information (Continued)

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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2023, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
September 14, 2023, except for the
section on *Supplementary Information*, for
which the date is January 17, 2024

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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, 2023, the Fund has provided assistance for more than 165,900 housing or housing-related units.

The permanent staff of the Fund consists of 110 persons as of June 30, 2023, 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 14 bond issues totaling $389,635,000 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, 2023, 2022, and 2021.

[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

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

(Dollars in thousands)	2023	2022	2021
ASSETS			
Current assets	$ 166,703	$ 201,282	$ 347,465
Noncurrent assets:			
Mortgage loans & Restricted mortgage loans, net of allowance for losses	790,556	700,538	670,443
Restricted Federal Program mortgage loans, net of allowance for losses	64,220	64,434	64,885
Restricted cash and cash equivalents	76,104	57,626	91,212
Investments & Restricted investments	63,345	49,587	38,746
Capital assets, net of depreciation	7,350	7,619	7,888
Other assets & Restricted other assets, net of allowance for losses	2,855	5,354	2,132
Total assets	1,171,133	1,086,440	1,222,771
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension and OPEB	3,267	3,795	2,355
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	19,015	18,704	17,967
Accrued interest payable	2,040	1,260	1,350
Bonds payable	21,915	18,885	22,285
Noncurrent liabilities:			
Bonds & notes payable, net	368,057	267,521	290,636
Other liabilities	167,021	197,516	324,838
Total liabilities	578,048	503,886	657,076
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension and OPEB	367	5,283	1,100
NET POSITION			
Net investment in capital assets	7,350	7,619	7,888
Net position - Restricted	470,784	464,577	464,366
Net position - Unrestricted	117,851	108,870	94,696
TOTAL NET POSITION	$ 595,985	$ 581,066	$ 566,950

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 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.

The decrease of $146,183,000 (42.1%) in *Current assets* from 2021 to 2022 was primarily due to a decrease of $124,417,000 in federal funds, which includes COVID relief funds, a decrease in cash of $12,618,000 for debt service, a decrease in multifamily construction funds of $10,524,000, a decrease of $610,000 in the balance of Mortgage Loans Held for Sale, a decrease of $326,000 in accrued interest, a decrease of $121,000 in funds held for others which includes insurance and tax accounts held on behalf of the Fund's various mortgagors, an increase of $1,804,000 in cash for program disbursements, an increase in cash of $401,000 in cash held for the Federal Home Loan Bank of Pittsburgh's HOME 4 Good program, and a $215,000 increase in accounts receivable.

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

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.

The increase of $30,095,000 (4.5%) in *Mortgage loans & Restricted mortgage loans, net of allowance for losses* from 2021 to 2022 was primarily due to originations of $152,165,000 exceeding loan repayments of $119,698,000, foreclosures of $2,154,000, and an increase in allowance for loan losses of $218,000.

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) and National Housing Trust Fund (NHTF) mortgage loans. The fluctuations from year to year represent the net of HOME and NHTF program loan originations and repayments during the years presented.

Restricted cash and cash equivalents

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.

The decrease of $33,586,000 (36.8%) in *Restricted cash and cash equivalents* from 2021 to 2022 was primarily due to a decrease of $15,574,000 in short-term funds on hand in 2021 invested long-term in 2022 and a $9,185,000 net decrease in the balance of funds available to purchase single family mortgage loans related to the timing of bond issuances.

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)	2023	2022	2021
Balance at beginning of fiscal year	**$ 49,587**	**$ 38,746**	$ 51,603
Sales and maturities	**(37,313)**	**(1,063)**	(12,960)
Purchases	**52,231**	**16,638**	3,425
Decrease in fair value of investments and amortizations	**(1,160)**	**(4,734)**	(3,322)
Balance at end of fiscal year	**$ 63,345**	**$ 49,587**	$ 38,746

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

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

The decrease of $269,000 (3.4%) from 2021 to 2022 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 $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.

The increase of $3,222,000 (151.1%) in *Other assets and Restricted other assets, net of allowance for losses* from 2021 to 2022 was primarily due to an increase in the net pension asset of $3,538,000, an increase of $103,000 due from Federal program reimbursements, an increase in miscellaneous assets of $12,000 and a $431,000 decrease in foreclosed properties.

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 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 $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.

The increase of $737,000 (4.1%) in *Accounts payable and other liabilities* from 2021 to 2022 was primarily due to an increase of $470,000 in accrued expenses at year-end, an increase of $402,000 in cash held on behalf of the FHLB for program disbursements to be used for its Home4Good program, an increase in the bond rebate liability of $73,000 and a decrease of $208,000 in funds held for others, which includes tax and insurance accounts held on behalf of the Fund's various mortgagors.

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 or refunding 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 2023 and 2022. See *Note D – Bonds & Notes payable, current and noncurrent.*

(Dollars in thousands)		2023	2022	2021
Balance at beginning of the fiscal year				
Bonds payable - current		**$ 18,885**	**$ 22,285**	$ 26,745
Bonds payable - noncurrent		**267,521**	**290,636**	306,802
Debt issued:	Housing Finance Bonds (*including discount*)	**134,953**	**30,000**	74,940
	Other Loan Programs note payable	**-**	**250**	-
Debt paid:	Scheduled debt service	**(19,000)**	**(21,278)**	(26,936)
	Early redemptions and refundings	**(12,370)**	**(35,530)**	(68,660)
Other Loan Programs note payable allowance for losses [1]		**(17)**	**43**	30
Balance at end of the fiscal year		**$ 389,972**	**$ 286,406**	$ 312,921
Bonds payable - current		**$ 21,915**	**$ 18,885**	$ 22,285
Bonds & notes payable - noncurrent		**368,057**	**267,521**	290,636
Total bonds & notes payable		**$ 389,972**	**$ 286,406**	$ 312,921

[1] See *Note D - Bonds Payable*

Other liabilities

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.

The decrease of $127,322,000 (39.2%) in *Other liabilities* from 2021 to 2022 was due to the expenditure of $126,060,000 in federal COVID relief funds for rental and homeowner assistance programs the Fund administers on behalf of the State, a net decrease of $1,235,000 in the net pension and net OPEB liability and a decrease of $27,000 due to Federal Program mortgage loan repayments and prepayments exceeding originations.

Total Net Position improved by $14,116,000 (2.5%) from June 30, 2021 to June 30, 2022. From June 30, 2022 to June 30, 2023, *Total Net Position* improved by $14,919,000 (2.6%) as the enterprise fund net position improved to $595,985,000 at June 30, 2023.

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)	2023	2022	2021
REVENUES			
Interest on loans	**$ 31,864**	**$ 28,927**	$ 29,845
Pass-through grant revenue	**150,693**	**191,700**	84,161
Fee revenue	**8,599**	**8,637**	8,863
Net investment earnings (non-operating)	**4,592**	**(2,723)**	262
Other	**875**	**1,207**	2,984
Total Revenues	**196,623**	**227,748**	126,115
EXPENSES			
Pass-through grant expense	**150,693**	**191,700**	84,161
Interest and debt expense (non-operating)	**9,923**	**7,357**	9,576
Loan fees expense	**5,185**	**4,209**	3,662
Program expenses, net	**5,757**	**4,332**	4,941
Administrative expenses, net	**10,146**	**6,034**	9,798
Total Expenses	**181,704**	**213,632**	112,138
CHANGE IN NET POSITION	**14,919**	**14,116**	13,977
NET POSITION AT BEGINNING OF YEAR	**581,066**	**566,950**	552,973
NET POSITION AT END OF YEAR	**$ 595,985**	**$ 581,066**	$ 566,950

Interest on loans

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.

The decrease in *Interest on loans* of $918,000 (3.1%) from 2021 to 2022 was primarily due to a decrease in the average mortgage loan rate from the prior year.

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 $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.

The increase of $107,539,000 (127.8%) from 2021 to 2022 was primarily due to an increase of $103,749,000 in program disbursements for federal COVID relief rental assistance programs the Fund is administering on behalf of the State, an increase of $2,283,000 in program disbursements for the federal COVID relief homeowner assistance program the Fund is administering on behalf of the State, an increase of $1,855,000 in Section 8 Housing Assistance Payments Program disbursements, an increase of $771,000 in National Housing Trust Fund disbursements, an increase of $451,000 in CDBG disbursements and a decrease of $1,570,000 in HOME disbursements.

Fee revenue

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.

The decrease of $226,000 (2.5%) in *Fee revenue* from 2021 to 2022 was primarily due to a decrease of $221,000 in mortgage loan processing fees, a decrease of $109,000 in Low-Income Housing Tax credit fees, an increase of $81,000 Section 8 fees and an increase of $23,000 in Affordable Housing Fund fees.

Net investment earnings

Net investment earnings decreased $2,985,000 (1139.3%) from 2021 to 2022 and increased $7,315,000 (268.6%) from 2022 to 2023 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, decreased 21.1% from 2021 to 2022 and increased 211.9% from 2022 to 2023.

(Dollars in thousands)	June 30, 2023	2022	2021
Net investment earnings per operating statement	$ 4,592	$ (2,723)	$ 262
Adjustments for unrealized loss on fair value of securities	1,725	4,748	2,303
Interest earned on investments	$ 6,317	$ 2,025	$ 2,565
% Increase (Decrease) from prior year	212.0%	(21.1%)	

Other revenues

The decrease of $332,000 (27.5%) in *Other revenues* from 2022 to 2023 was primarily due to a decrease in gains on sale of mortgage loans of $240,000, a decrease in gains on sale of foreclosed properties of $85,000 and a decrease in miscellaneous revenue of $7,000.

The decrease of $1,777,000 (59.6%) in <u>*Other revenues*</u> from 2021 to 2022 was primarily due to a decrease in gains on sale of mortgage loans of $1,685,000 and a decrease in gains on sale of foreclosed properties of $95,000.

<u>Interest and debt expense</u>

The $2,566,000 (34.9%) increase in <u>*Interest and debt expense*</u> 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.

The $2,219,000 (23.2%) decrease in <u>*Interest and debt expense*</u> from 2021 to 2022 was primarily due to $35,530,000 in redemptions and $21,278,000 in debt service exceeding debt issuances of $30,250,000.

<u>Loan fees expense</u>

The $976,000 (23.2%) increase in <u>*Loan fees expense*</u> 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.

The $547,000 (14.9%) increase in <u>*Loan fees expense*</u> from 2021 to 2022 was primarily due to an increase in loan origination fees of $541,000, an increase in service fees on loans of $52,000 and a decrease in service release fees of $46,000.

<u>Program expenses, net</u>

The $1,425,000 (32.9%) increase in <u>*Program expenses, net*</u> 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.

The $609,000 (12.3%) decrease in <u>*Program expenses, net*</u> from 2021 to 2022 was primarily due to a decrease of $600,000 in losses on sale of foreclosed properties, a decrease of $445,000 in cost of issuance expenses, a decrease of $297,000 in expenses related to repairs and holding costs for foreclosed properties, a decrease of $26,000 in bad debt expense, an increase of $461,000 in Affordable Housing Fund disbursements, an increase of $252,000 in general program disbursements, an increase of $24,000 in building expenses and an increase of $21,000 in Special Needs disbursements.

<u>Administrative expenses, net</u>

The $4,112,000 (68.1%) increase in <u>*Administrative expenses, net*</u> 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.

The $3,764,000 (38.4%) decrease in <u>*Administrative expenses, net*</u> from 2021 to 2022 was primarily due to an increase in various administrative reimbursements of $3,541,000 related to the administration of COVID relief funds, a decrease in pension and OPEB related expenses of $969,000, a decrease in compensated absences of $109,000, a decrease in computer related expenses of $43,000, an increase of $851,000 in salary and benefit expenses, an increase of $28,000 in general expenses and an increase of $18,000 in travel expenses.

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, 2023, $87,359,000 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, 2023, $80,512,000 of the ERA2 funds has been disbursed for rental and utility assistance and $354,000 for the development of multifamily rental units. In addition, $19,311,000 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.

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 provides 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. 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 2021 through fiscal year 2023 are as follows:

(Dollars in thousands)		June 30,	
	2023	**2022**	2021
Beginning Balance	**$ 581,748**	**$ 568,243**	$ 590,737
Repayments/Prepayments	**(53,072)**	**(82,523)**	(93,583)
Foreclosures	**(2,898)**	**(2,372)**	(1,307)
Originations	**138,181**	**111,400**	75,175
Interfund transfer	**-**	**(13,000)**	(2,779)
Ending Balance	**$ 663,959**	**$ 581,748**	$ 568,243
% Increase from prior year	**14.1%**	**2.4%**	

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 $51,000 as of June 30, 2023. 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.

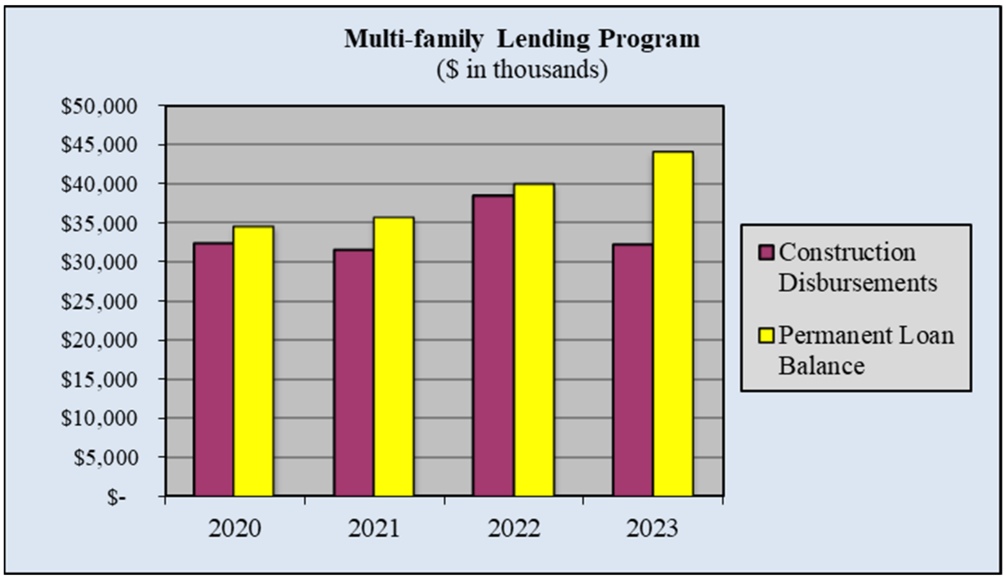
The Fund's Bond Program loan delinquency rates increased from 2021 to 2022 in the One-, Two- and Three-month categories and increased again from 2022 to 2023 as shown in the chart below. The Three + month category decreased in 2022 and 2023 due to the expiration of the foreclosure moratorium and borrowers receiving assistance from the federal COVID relief HAF. 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,			WV*	USA*
	2023	2022	2021	As of June 30, 2023	
Months Past Due					
One	3.70%	3.39%	2.57%	2.60%	1.81%
Two	1.45%	1.17%	0.77%	0.76%	0.57%
Three	0.43%	0.41%	0.39%	1.38%	1.08%
Three +	2.64%	3.81%	6.76%	2.04%	1.61%
In foreclosure	0.18%	0.35%	0.04%	0.66%	0.53%

*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 and the Low-Income Housing Tax Credit Program. 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 2024 and future years.



Interest rates on new single family bond loans originated in fiscal year 2023 have averaged approximately 5.49%. Interest rates on new multifamily permanent loans originated in fiscal year 2023 have averaged approximately 4.83%. The average loan interest rate listed below shows the Bond Programs average for fiscal years 2021 through 2023.

Average Loan Interest Rate	
June 30, 2021	4.28%
June 30, 2022	4.12%
June 30, 2023	4.41%

Investments

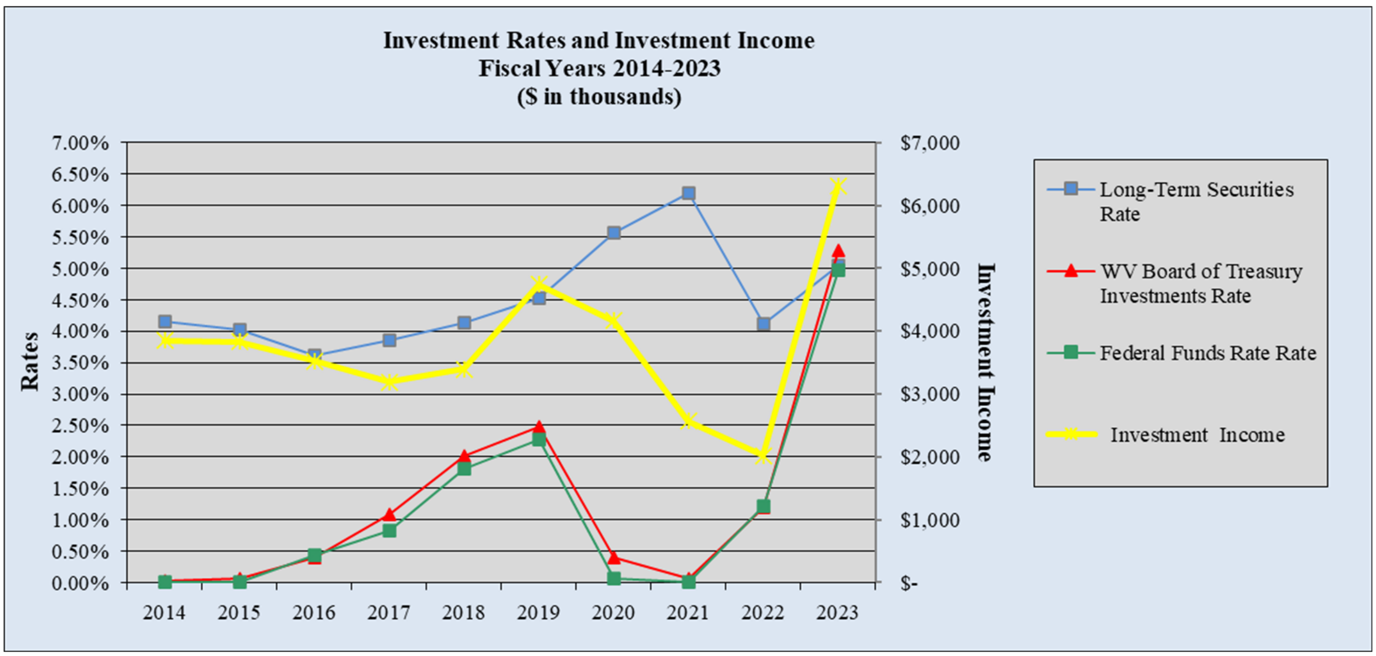
The Fund invests cash, as permitted by the Act, the bond resolution, and the Board approved Investment Policy. Funds related to the Bond Programs capital reserves and the Bond Insurance Account are primarily invested in long-term United States agency securities and FDIC insured money market accounts, 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 remained at a historical low of 0.00% to 0.25% in 2014 and 2015. During fiscal year 2016, the Federal Reserve increased the federal funds rate ranging from 0.25% to 0.50% and continued to increase the rate eight additional times during fiscal years 2017 through 2019 ranging from 1.00% to 2.50%. During fiscal year 2020, the Federal Reserve decreased the rate five times to rates ranging from 0.00% to 0.25% where they remained for fiscal year 2021. During 2022, the Federal Reserve increased the rate seven times with the rates ranging from 0.25% to 4.5%. Since February 2023, the Federal Reserve increased the rate three times with rates ranging from 4.5% to 5.25%.

Due to fluctuations in interest rates, investment earnings decreased 21.1% from 2021 to 2022, net of unrealized gains or losses and increased 211.9% from 2022 to 2023, net of unrealized gains or losses.

Below is a summary of the average investment rates from June 2014 to June 2023:



Debt Management

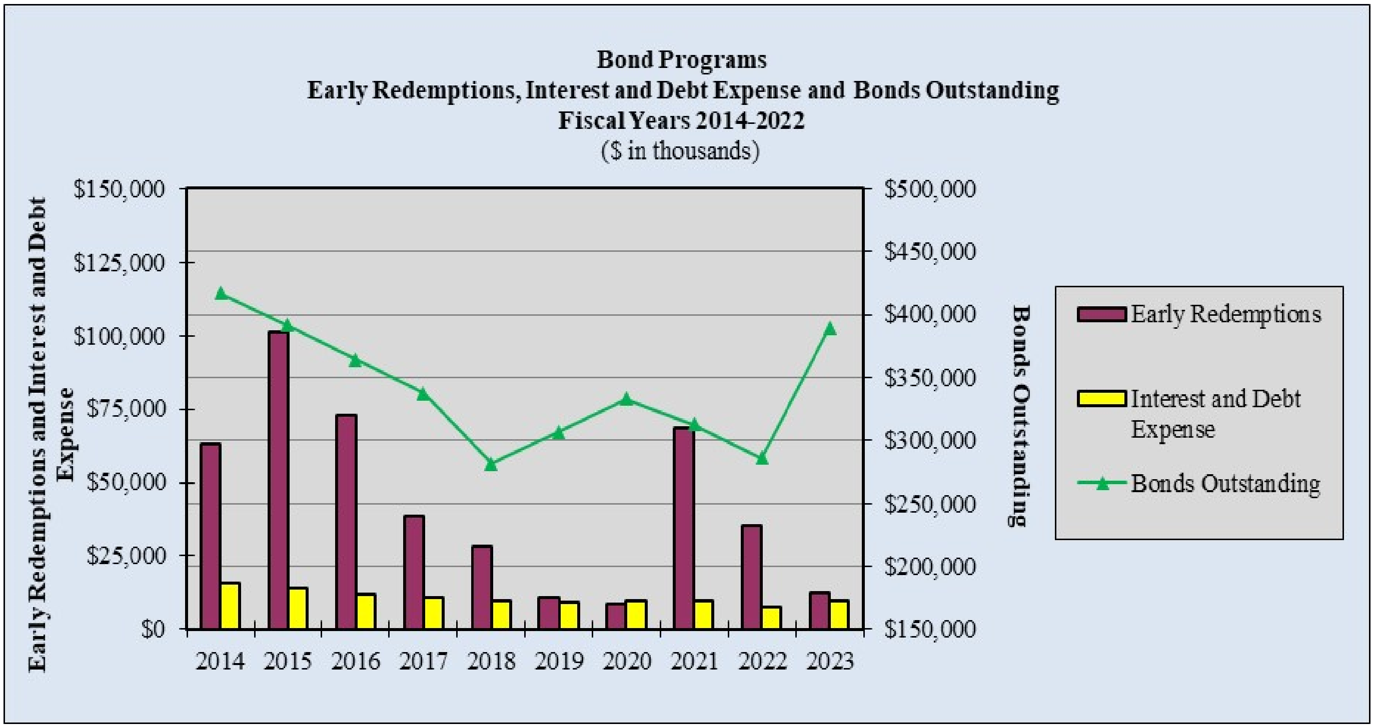
The Fund issues qualified mortgage revenue bonds to fund its single family Bond Programs. When bonds are issued, the initial proceeds are invested in short-term investments until the funds are used for the purchase of mortgage loans. Because short-term investment rates are typically lower than the long-term 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 2024 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 2021, 2022 and 2023, the Fund redeemed $68,660,000, $35,530,000 and $12,370,000 in bonds, respectively. By actively redeeming bonds, the Fund offsets the impact of reduced mortgage loan balances and rates.

Interest and debt expense was $9,576,000, $7,358,000 and $9,923,000 in fiscal years 2021, 2022 and 2023, respectively. Interest and debt expense decreased in 2022 as compared to 2021 due to $35,530,000 in redemptions and debt service of $21,278,000 exceeding bond issuances of $30,250,000. 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.

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, Freddie Mac, 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 $1.2 billion. Servicing fee income in the amount of $2,801,000 represents 6.10% of the Fund's total revenues, net of pass through grant revenue, for the fiscal year ended June 30, 2023.

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 $465,000 (7.8%) from June 30, 2021 to June 30, 2022. From June 30, 2022 to June 30, 2023, *Net position restricted for other postemployment benefits* improved by $343,000 (5.3%) to $6,770,000 at June 30, 2023.

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

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, 2023	June 30, 2022
ASSETS		
Current assets:		
Cash and cash equivalents-- *(Notes A and C)*	$ 14,872	$ 13,049
Accrued interest on loans	1,216	732
Accounts receivable and other assets, net of allowance for losses-- *(Note A)*	1,563	2,475
Mortgage loans held for sale-- *(Note A)*	218	239
Restricted cash and cash equivalents-- *(Notes A and C)*	146,455	182,324
Restricted accrued interest on loans	2,059	2,143
Restricted accrued interest on investments	320	320
Total current assets	166,703	201,282
Noncurrent assets:		
Mortgage loans, net of allowance for losses-- *(Note A)*	109,527	100,603
Capital assets, net of depreciation-- *(Note A)*	7,350	7,619
Restricted cash and cash equivalents-- *(Notes A and C)*	76,104	57,626
Restricted investments-- *(Notes A and C)*	63,345	49,587
Restricted mortgage loans, net of allowance for losses-- *(Note A)*	745,249	664,369
Restricted other assets, net of allowance for losses-- *(Notes A, F and H)*	2,855	5,354
Total noncurrent assets	1,004,430	885,158
Total assets	1,171,133	1,086,440
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension and OPEB-- *(Notes A, F and H)*	3,267	3,795
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities-- *(Note A)*	19,015	18,704
Accrued interest payable	2,040	1,260
Bonds payable-- *(Note D)*	21,915	18,885
Total current liabilities	42,970	38,849
Noncurrent liabilities:		
Other liabilities-- *(Notes A, F and H)*	167,021	197,516
Bonds & notes payable-- *(Note D)*	368,057	267,521
Total noncurrent liabilities	535,078	465,037
Total liabilities	578,048	503,886
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension and OPEB-- (Notes A, F and H)	367	5,283
NET POSITION		
Restricted for debt service	397,878	385,364
Restricted by state statute	72,906	75,675
Restricted for pension and OPEB	-	3,538
Net investment in capital assets	7,350	7,619
Unrestricted	117,851	108,870
Total net position	$ 595,985	$ 581,066

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, 2023	2022
OPERATING REVENUES		
Interest on loans	$ 31,864	$ 28,927
Pass-through grant revenue-- *(Note A)*	150,693	191,700
Fee revenue-- *(Note A)*	8,599	8,637
Other-- *(Note A)*	875	1,207
	192,031	230,471
OPERATING EXPENSES		
Pass-through grant expense-- *(Note A)*	150,693	191,700
Loan fees expense-- *(Note A)*	5,185	4,209
Program expenses, net-- *(Note A)*	5,757	4,332
Administrative expenses, net-- *(Note A)*	10,146	6,034
	171,781	206,275
OPERATING INCOME	20,250	24,196
NON-OPERATING - FINANCING AND INVESTING (EXPENSES) REVENUES		
Investment earnings:		
Interest	6,317	2,025
Net decrease in the fair value of investments	(1,725)	(4,748)
Net investment earnings	4,592	(2,723)
Interest and debt expense	(9,923)	(7,357)
	(5,331)	(10,080)
CHANGE IN NET POSITION	14,919	14,116
NET POSITION AT BEGINNING OF YEAR	581,066	566,950
NET POSITION AT END OF YEAR	$ 595,985	$ 581,066

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, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from lending activities	$ 119,655	$ 157,299
Receipts from other operating activities	6,476	6,683
Receipts from escrows and advance activities [1]	43,337	61,139
Disbursements from escrows and advance activities [1]	(42,401)	(60,847)
Receipts for federal lending activities	8,570	5,475
Receipts for federal activities	120,025	161,141
Disbursements for federal activities	(135,631)	(271,933)
Purchase of mortgage loans	(182,782)	(159,011)
Purchase of mortgage loans held for sale	(2,808)	(11,127)
Sales of mortgage loans	2,828	11,567
Payments to employees for salaries and benefits	(8,104)	(10,726)
Payments to vendors	(29,940)	(21,226)
Net cash used in operating activities	(100,775)	(131,566)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net proceeds from bonds and notes	134,953	30,250
Retirement of bonds and notes	(31,370)	(56,808)
Interest paid	(9,142)	(7,456)
Net cash used in (provided by) noncapital financing activities	94,441	(34,014)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of investments	37,313	1,063
Purchase of investments	(52,229)	(16,638)
Net investment earnings	5,682	2,095
Net cash used in investing activities	(9,234)	(13,480)
Net decrease in cash and cash equivalents	(15,568)	(179,060)
Cash and cash equivalents at beginning of year	252,999	432,059
Cash and cash equivalents at end of year	$ 237,431	$ 252,999
Cash and cash equivalents consist of:		
Cash and cash equivalents	$ 14,872	$ 13,049
Restricted cash and cash equivalents - current	146,455	182,324
Restricted cash and cash equivalents - noncurrent	76,104	57,626
	$ 237,431	$ 252,999

[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, 2023	2022
Reconciliation of operating income to net cash used in operating activities:		
Operating income	$ 20,250	$ 24,196
Adjustments to reconcile operating income to net cash used in operating activities:		
Change in assets and liabilities:		
Accrued interest on loans	(484)	(136)
Mortgage loans held for sale	21	609
Other assets	1,189	45
Allowance for losses on other assets	(7)	(1)
Restricted accrued interest on loans	84	458
Restricted other assets	2,323	(3,164)
Allowance for (recovery of) losses on restricted other assets	176	(58)
Mortgage loans	(7,832)	(9,759)
Allowance for losses on mortgage loans	(1,092)	(1,039)
Restricted mortgage loans	(84,781)	(22,171)
Allowance for losses on restricted mortgage loans	3,901	3,325
Accounts payable	360	708
Other liabilities, federal programs	(30,897)	(126,086)
Deferred outflows of resources - pension and OPEB	528	(1,440)
Deferred inflows of resources - pension and OPEB	(4,916)	4,183
Other liabilities, pension and OPEB	402	(1,236)
Net cash used in operating activities	$ (100,775)	$ (131,566)
Noncash investing and financing activities:		
Decrease in fair value of investments	$ (1,794)	$ (4,675)
Net amortization of (discounts) premiums on investments	(569)	57

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

	June 30, 2023	June 30, 2022
ASSETS		
Restricted cash and cash equivalents	$ 904	$ 495
Restricted accrued interest on investments	34	20
Restricted other assets	-	282
Restricted investments:		
U.S. Treasury securities	2,944	2,496
Federal agency securities	1,192	1,193
Certificates of deposit	1,699	1,956
Total restricted investments	5,835	5,645
Total restricted assets	6,773	6,442
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	3	15
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	$ 6,770	$ 6,427

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, 2023	2022
ADDITIONS		
Contributions - employer	$ 450	$ 789
Investment income (loss):		
Interest	141	31
Net decrease in fair value of investments	(55)	(119)
Net investment income (loss)	86	(88)
Total additions	536	701
DEDUCTIONS		
Benefits	169	216
Administrative expenses	24	20
Total deductions	193	236
NET INCREASE IN FIDUCIARY NET POSITION	343	465
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS		
BEGINNING OF YEAR	6,427	5,962
END OF YEAR	$ 6,770	$ 6,427

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

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 (WVAHTF) 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 WVAHTF.

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, 2023, $87,359,000 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, 2023, $80,512,000 of the ERA2 funds have been disbursed for rental and utility assistance and $354,000 has been disbursed for the production of multifamily rental units. In addition, $19,311,000 of the HAF funds has been disbursed for mortgage and utility assistance.

<u>Accounting methods:</u> 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.

<u>Estimates</u>: 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.

<u>Cash and cash equivalents:</u> 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).

<u>Accounts receivable and other assets, net of allowance for losses</u> 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, 2023			June 30, 2022		
	Balance	**Allowance**	**Net**	**Balance**	**Allowance**	**Net**
Accounts receivable and other Assets:						
Accounts receivable	$ 1,483	$ (1)	$ 1,482	$ 2,246	$ (9)	$ 2,237
Land	117	(58)	59	117	(58)	59
Foreclosed property	22	-	22	179	-	179
Total	$ 1,622	$ (59)	$ 1,563	$ 2,542	$ (67)	$ 2,475

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 $118,498,000 at June 30, 2023 and $150,587,000 at June 30, 2022. *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, 2023			June 30, 2022		
	Balance	**Allowance**	**Net**	**Balance**	**Allowance**	**Net**
Unrestricted Mortgage Loans:						
General Account	$ 10,020	$ (2,640)	$ 7,380	$ 11,282	$ (3,226)	$ 8,056
Other Loan Programs	111,812	(9,665)	102,147	102,720	(10,173)	92,547
Total	$ 121,832	$ (12,305)	$ 109,527	$ 114,002	$ (13,399)	$ 100,603

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, 2022**	**Additions**	**Deletions**	**June 30, 2023**
Capital assets, not being depreciated:				
Land	$ 1,810	$ -	$ -	$ 1,810
Total capital assets, not being depreciated	1,810	-	-	1,810
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	10,216	-	(79)	10,137
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	(4,407)	(269)	79	(4,597)
Total capital assets being depreciated, net	5,809	(269)	-	5,540
Total capital assets, net	$ 7,619	$ (269)	$ -	$ 7,350

(Dollars in thousands)	June 30, 2021	Additions	Deletions	June 30, 2022
Capital assets, not being depreciated:				
Land	$ 1,810	$ -	$ -	$ 1,810
Total capital assets, not being depreciated	1,810	-	-	1,810
Capital assets, being depreciated:				
Buildings	7,810	-	-	7,810
Equipment and furnishings	1,592	-	-	1,592
Computer software	814	-	-	814
Total capital assets, being depreciated	10,216	-	-	10,216
Less accumulated depreciation for:				
Buildings	(1,942)	(203)	-	(2,145)
Equipment and furnishings	(1,419)	(51)	-	(1,470)
Computer software	(777)	(15)	-	(792)
Total accumulated depreciation	(4,138)	(269)	-	(4,407)
Total capital assets being depreciated, net	6,078	(269)	-	5,809
Total capital assets, net	$ 7,888	$ (269)	$ -	$ 7,619

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 or other restricted purposes.

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

(Dollars in thousands)	June 30, 2023			June 30, 2022		
	Balance	Allowance	Net	Balance	Allowance	Net
Restricted Mortgage Loans:						
General Account	$ 362	$ (362)	$ -	$ 401	$ (401)	$ -
Other Loan Programs	452	(172)	280	405	(154)	251
Land Development	4,453	(1,727)	2,726	4,394	(1,658)	2,736
Affordable Housing Fund	3,460	(2,670)	790	2,943	(2,262)	681
Bond Insurance Account	13,564	(290)	13,274	14,826	(307)	14,519
Bond Programs	674,043	(10,084)	663,959	592,160	(10,412)	581,748
Federal Programs	161,295	(97,075)	64,220	157,720	(93,286)	64,434
Total	$ 857,629	$ (112,380)	$ 745,249	$ 772,849	$ (108,480)	$ 664,369

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 will only be required to be repaid 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.

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* 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, 2023			June 30, 2022		
	Balance	**Allowance**	**Net**	**Balance**	**Allowance**	**Net**
Restricted other assets:						
Accounts receivable	$ 213	$ -	$ 213	$ 185	$ -	$ 185
Land	548	(548)	-	548	(548)	-
Foreclosed property	3,155	(513)	2,642	1,953	(334)	1,619
Net Pension Asset	-	-	-	3,538	-	3,538
Other	-	-	-	12	-	12
Total	$ 3,916	$ (1,061)	$ 2,855	$ 6,236	$ (882)	$ 5,354

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, 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, 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 $1,213,463,000 and $1,156,447,000 at June 30, 2023 and 2022, respectively. Of this total, the portfolio serviced by the Fund on behalf of others approximated $233,522,000 and $281,973,000 at June 30, 2023 and 2022, 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, 2023, the Fund has committed $32,057,000 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 2024 administrative budget of $15,393,300 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 $40,000,000, excluding funds held for others, with the WVBOTI of which a maximum of $20,000,000 can be invested in the WVBOTI West Virginia Money Market Pool. 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, 2023		June 30, 2022	
	Weighted Avg Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Reported at cost					
Demand Deposits, Money Market Funds	1 day	$ 94,721	$ 94,721	$ 102,020	$ 102,020
Mortgages held for investment purposes	21.72 years	14,275	14,275	15,599	15,599
WVBOTI deposits	1 day	121,236	121,236	150,979	150,979
Total		230,232	230,232	268,598	268,598
Reported at estimated fair value					
Fannie Mae MBS pools	9.15 years	265	267	358	391
Federal agency securities	2.67 years	74,026	75,321	27,106	30,127
U.S. Treasury securities	1.65 years	9,442	9,231	19,244	19,069
Total		83,733	84,819	46,708	49,587
Total investments, including cash equivalents		$ 313,965	$ 315,051	$ 315,306	$ 318,185

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, 2023		June 30, 2022	
	Weighted Avg Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Reported at cost					
Demand Deposits	1 day	$ 904	$ 904	$ 495	$ 495
Total		904	904	495	495
Reported at estimated fair value					
U.S. Treasury securities	2.51 years	2,990	2,944	2,495	2,496
Federal agency securities	2.09 years	1,250	1,192	1,250	1,193
Certificates of deposit	2.24 years	1,750	1,699	2,000	1,956
Total		5,990	5,835	5,745	5,645
Total investments, including cash equivalents		$ 6,894	$ 6,739	$ 6,240	$ 6,140

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.

	Permitted Maturity Limit	**Average Maturity as of June 30, 2023**
Reserve Funds	30 years	2 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.

	Permitted Maturity Limit	**Average Maturity as of June 30, 2023**
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, 2023, 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, 2023 (Dollars in thousands)	Maximum of Portfolio	Invested Funds	% of Total Investment
Direct Federal Obligations	100%	$ 9,442	5%
Federal Agency Obligations	90%	74,291	38%
Federally Guaranteed Obligations	100%	-	0%
Demand Deposits	30%	14,519	7%
Collateralized CDs	$75,000	-	0%
CDARS FDIC Insured CDs	$65,000	-	0%
West Virginia Obligations	15%	-	0%
ICS FDIC Insured Demand Deposits	$40,000	-	0%
ICS FDIC Insured Savings Deposits	$100,000	60,662	31%
Mortgages Held for Investment Purposes	30%	14,275	7%
Money Market Funds	25%	3,206	2%
WVBOTI deposits	$40,000	19,073	10%
TOTAL		$ 195,468	100%
Funds Held for Others *	N/A	118,497	
TOTAL INVESTED FUNDS		$ 313,965	

* 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, 2023 (Dollars in thousands)	Maximum of Portfolio	Invested Funds	% of Total Investment
Demand Deposits	30%	$ 904	13%
Direct Federal Obligations	90%	2,990	43%
Federal Agency Obligations	90%	1,250	18%
Federally Guaranteed Obligations	90%	-	0%
FDIC Insured CDs	50%	1,750	26%
TOTAL INVESTED FUNDS		$ 6,894	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 $94,721,000 and $102,020,000 as of June 30, 2023 and 2022, respectively. Bank balances approximated $96,396,000 and $112,923,000 as of June 30, 2023 and 2022, respectively, of which approximately $79,740,000 and $85,463,000 was covered by federal depository insurance as of June 30, 2023 and 2022, respectively, and $13,450,000 and $22,985,000 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, 2023 and 2022, respectively. Also included in the bank balances above are trust account money market fund balances of $3,206,000 and $4,475,000 as of June 30, 2023 and 2022, respectively, which are not subject to custodial credit risk.

The fiduciary fund cash had a carrying value of $904,000 and $495,000 as of June 30, 2023 and 2022, respectively. Bank balances approximated $907,000 and $496,000 as of June 30, 2023 and 2022, respectively, which are trust account money market funds and not subject to custodial credit risk.

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, 2023	June 30, 2022
Level 1 inputs		
Federal agency securities	$ 75,321	$ 30,127
U.S. Treasury securities	9,231	19,069
Total	84,552	49,196
Level 2 inputs		
Fannie Mae MBS pools	267	391
Total	267	391
Total investments, reported at estimated fair value	$ 84,819	$ 49,587

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

(Dollars in thousands)	June 30, 2023	June 30, 2022
Level 1 inputs		
U.S. Treasury securities	$ 2,944	$ 2,496
Federal agency securities	1,192	1,193
Certificates of deposit	1,699	1,956
Total investments, reported at estimated fair value	$ 5,835	$ 5,645

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, 2023	June 30, 2022
Cash and cash equivalents	$ 14,872	$ 13,049
Current restricted cash and cash equivalents	146,455	182,324
Noncurrent restricted cash and cash equivalents	76,104	57,626
Restricted investments	63,345	49,587
Plus mortgages held for investment purposes	14,275	15,599
Total Investments and cash equivalents	$ 315,051	$ 318,185
Less unrealized gains	1,086	2,879
Total Invested Funds	$ 313,965	$ 315,306

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

(Dollars in thousands)	June 30, 2023	June 30, 2022
Restricted cash and cash equivalents	$ 904	$ 495
Restricted investments	5,835	5,645
Total Investments and cash equivalents	$ 6,739	$ 6,140
Less unrealized loss	(155)	(100)
Total Invested Funds	$ 6,894	$ 6,240

The enterprise fund has an unrealized gain on investments of $1,086,000 and $2,879,000 as of June 30, 2023 and 2022, respectively. This represents an increase in unrealized loss on investments of $1,793,000 and $4,675,000 as of June 30, 2023 and 2022, respectively. In connection with the unrealized gain, a liability for related investment earnings is recorded in the amount of $4,000 and $73,000 as of June 30, 2023 and June 30, 2022, 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, 2023 and 2022 and to properly reflect the rebate liability, a $1,725,000 and $4,748,000 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, 2023 and 2022, respectively.

The fiduciary fund has an unrealized loss on investments of $155,000 and $100,000 as of June 30, 2023 and June 30, 2022, respectively. This represents an increase in unrealized loss on investments of $55,000 and $119,000 from June 30, 2022 and 2021, respectively. To adjust the fair value of investments to reflect this unrealized loss at June 30, 2023 and 2022 a $55,000 and a $119,000 decrease was recorded in *Net investment income* in the Statements Changes in Fiduciary Net Position for the year ended June 30, 2023 and 2022, 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 77.91% 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, 2023 and 2022 was $40,512,000 and $64,264,000, respectively. Total pledged revenues in 2023 and 2022 were $81,346,000 and $109,380,000 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. Initially, the Board authorized $1,000,000 for the OSLP and the Board authorized an additional $1,000,000 in March 2013 and again in May 2022 for the 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, 2023, *Bonds & notes payable - noncurrent* includes a $535,000 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, 2023 and 2022, the Fund redeemed or refunded $12,370,000 and $35,530,000 of bonds, respectively, at redemption prices that approximated their carrying value.

The following tables summarize bond and note activity from 2022 to 2023 and 2021 to 2022, respectively.

(Dollars in thousands)	**Bonds Payable Current**	**Bonds & Notes Payable Noncurrent**	**Bonds & Notes Payable 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/Refundings	-	(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	$ 21,915	$ 368,057	$ 389,972

(Dollars in thousands)	**Bonds Payable Current**	**Bonds & Notes Payable Noncurrent**	**Bonds & Notes Payable Total**
Outstanding Balance, June 30, 2021	$ 22,285	$ 290,636	$ 312,921
Debt Issued (*including discount*)	-	30,250	30,250
Debt Paid	(21,135)	(143)	(21,278)
Early Redemptions/Refundings	-	(35,530)	(35,530)
Note Payable allowance for losses	-	43	43
Reclassification from noncurrent to current	17,735	(17,735)	-
Outstanding Balance, June 30, 2022	$ 18,885	$ 267,521	$ 286,406

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, 2023	2022
	(Dollars in thousands)		
HOUSING FINANCE BOND PROGRAM			
2013 Series A (2.70% to 3.20%) due 2024-2029	$ 21,000	$ 8,365	$ 9,740
2015 Series A,B (2.75% to 3.70%), due 2024-2033	50,660	16,470	20,450
2015 Series C,D (3.05% to 3.85%), due 2024-2033	70,060	29,145	34,530
2017 Series A,B (2.70% to 4.00%), due 2024-2035	39,505	18,925	22,070
2018 Series A (2.45% to 3.85%), due 2024-2040	25,000	14,710	16,650
2019 Series A (2.05% to 3.875%), due 2024-2044	35,000	24,865	28,250
2019 Series B (1.55% to 3.10%), due 2024-2045	30,000	23,190	26,925
2020 Series A (0.75% to 2.80%), due 2024-2049	30,000	25,595	27,855
2020 Series B,C (0.40% to 2.40%), due 2024-2044	44,960	35,630	39,895
2021 Series A (0.30% to 2.50%), due 2024-2052	30,000	28,115	29,525
2022 Series A (2.10% to 4.15%), due 2024-2053	30,000	29,625	30,000
2022 Series B (1.65% to 4.25%), due 2024-2053	40,000	40,000	-
2022 Series C (2.65% to 4.85%), due 2024-2053	45,000	45,000	-
2023 Series A (3.00% to 4.85%), due 2024-2054	50,000	50,000	-
Total bonds payable, excluding unamortized discount		389,635	285,890
Unamortized bond discount, net		(66)	(20)
OTHER LOAN PROGRAMS			
Notes Payable (0.00%), net of allowance for losses [1]	3,000	403	536
Total bonds & notes payable		$ 389,972	$ 286,406

[1] Payments are due to the DEP as the Fund receives payments from OSLP loan recipients.

Total bonds payable does not include $19,250,000 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 following is a summary of scheduled annual principal and interest for bonds in the Bond Programs for the five years commencing July 1, 2023, and thereafter to maturity.

Bonds Maturing During Year Ending June 30:	Principal	Interest	Total
		(Dollars in thousands)	
2024	$ 21,915	$ 12,219	$ 34,134
2025	24,280	11,751	36,031
2026	25,045	11,179	36,224
2027	24,650	10,548	35,198
2028	23,835	9,889	33,724
2029-2033	98,900	40,149	139,049
2034-2038	64,375	26,572	90,947
2039-2043	50,255	16,625	66,880
2044-2048	33,185	8,608	41,793
2049-2053	22,640	2,640	25,280
2054	555	13	568
	$ 389,635	$ 150,193	$ 539,828

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 $4,000 and $73,000 at June 30, 2023 and June 30, 2022, 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, which expired January 30, 2022. This Line of Credit was renewed January 31, 2022 and is due to expire on January 30, 2024. The purpose of the Line of Credit is to provide warehouse funding for loans under the Multifamily Loan Program. As of June 30, 2023, there have been no draws under the Line of Credit.

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, 2023, 46.8% of the Fund's single family Bond Program loans were VA, USDA Rural Development, or FHA guaranteed. Another 31.11% 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 $3,000,000 in cyber insurance through At-Bay and an additional $2,000,000 excess policy for cyber coverage through Lloyd's syndicate. 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 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 $640,000, $721,000, and $642,000 for the fiscal years ended June 30, 2023, 2022, and 2021, 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 $663,000 and ($3,538,000) as of June 30, 2023 and June 30, 2022, respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) reported at June 30, 2023 was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2021, rolled forward to the measurement date of June 30, 2022. 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, 2022. At June 30, 2022 and June 30, 2021, the Fund's proportionate share was .45% and .40% respectively.

For the years ended June 30, 2023 and June 30, 2022, respectively, the Fund recognized pension expense of $352,000 and $(660,000). At June 30, 2023 and June 30, 2022, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Dollars in thousands)	June 30, 2023	
	Deferred Outflows of Resouces	**Deferred Inflows of Resources**
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	-
	$ 1,773	**$ 9**

(Dollars in thousands)	June 30, 2022	
	Deferred Outflows of Resouces	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on pension plan investments	$ -	$ 4,532
Difference between expected and actual experience	404	13
Changes in assumptions	673	29
Changes in proportion and differences between Fund contributions and proportionate share of contributions	74	22
Fund contributions made subsequent to the measurement date	721	-
	$ 1,872	**$ 4,596**

Deferred outflows of resources related to pensions of $640,000 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, 2024. 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)

Year Ended June 30:	Pension Expense
2024	$ 454
2025	45
2026	(421)
2027	1,046

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

	2022	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%	2.28% - 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Average Expected Real Rate of Return
Domestic Equity	27.5%	5.3%	1.46%
International Equity	27.5%	6.1%	1.68%
Fixed Income	15.0%	2.2%	0.33%
Real estate	10.0%	6.5%	0.65%
Private equity	10.0%	9.5%	0.95%
Hedge funds	10.0%	3.8%	0.38%
Total	100%		5.45%
Inflation (CPI)			1.80%
			7.25%

Discount Rate. The discount rates used to measure the total pension liabilities were 7.25% for the 2022 and 2021 actuarial valuations. At June 30, 2022 and 2021, 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, 2023 and June 30, 2022, 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,					
2023			2022		
1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
$ 4,691	$ 663	$ (2,784)	$ 40	$ (3,538)	$ (6,559)

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 – Postemployment Healthcare Plan.* 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 – Postemployment Healthcare Plan*.

(Dollars in thousands)

	Accumulated Annual Leave		
	2023	2022	2021
Balance at beginning of fiscal year	$ 631	$ 659	$ 550
Annual leave earned	571	575	877
Annual leave (used)	(591)	(603)	(768)
Balance at end of fiscal year	$ 611	$ 631	$ 659
Estimated to be paid in one year	$ 611	$ 631	$ 659

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. 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, 2023 and June 30, 2022, the following employees were covered by the benefit terms:

	June 30,	
Covered Employees	**2023**	**2022**
Inactive employees or beneficiaries currently receiving benefit payments	8	3
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active plan members	97	96
Total	105	99

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 $450,000, and $789,000 for the fiscal years ended June 30, 2023 and 2022, 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 Porfolio
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, 2023 and June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 1.27% and (1.42) %, 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, 2023 and 2022, the components of the net OPEB liability of the Fund were as follows:

	June 30,	
(Dollars in thousands)	2023	2022
Total OPEB Liability	$ 7,286	$ 7,276
Plan Fiduciary Net Position	6,770	6,427
Net OPEB Liability	$ 516	$ 849
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	92.90%	88.30%

Actuarial Assumptions and Methods

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of January 2022 rolled forward to June 30, 2022 and the total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of January 2020 and rolled forward to June 30, 2021. The following actuarial assumptions and methods were used:

Valuation Date	1/1/2022 Rolled forward to 6/30/2023	1/1/2022 Rolled forward to 6/30/2022
Actuarial Method	Entry Age	Entry Age
Amortization Method	Level Percentage of Pay, Closed	Level Percentage of Pay, Closed
Remaining Amortization Period	15 years as of 1/1/2022	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	2.72%	2.72%
General Rate of Inflation	2.00%	2.00%

Mortality rates for the January 2020 valuation rolled forward to June 30, 2021 were based on RP-2014 Mortality Table, adjusted to 2006 with Scale MP-2014, and projected fully generationally with Scale MP-2019. Mortality rates for the January 1, 2022 valuation rolled forward to June 30, 2022 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 and July 1, 2018, for the January 2022 and January 2020 Plan valuation rolled forward to June 30, 2022 and June 30, 2021, respectively.

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:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
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, 2023 and June 30, 2022 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, 2022 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, 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 Actuarily 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.

As of June 30, 2022, 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 24, 2021 was 2.16% and the municipal bond rate at June 30, 2022 was 3.54%. 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 Actuarily 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, 2022, 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, 2023 and June 30, 2022, respectively, the Fund reported a Net OPEB Liability of $515,512 and $848,503. Total OPEB Liability (TOL) at the end of the measurement year, June 30, 2023 and June 30, 2022, is measured as of a valuation date of January 1, 2022 and is projected to June 30, 2023 and June 30, 2022, respectively. Valuations will be completed every other year.

(Dollars in thousands)

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
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	10	343	(333)
Balances at 6/30/2023	$ 7,286	$ 6,770	$ 516

(Dollars in thousands)	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at 6/30/2021	$ 5,927	$ 5,962	(35)
Changes for the year:			
Service cost	223	-	223
Interest	177	-	177
Changes of benefits	(186)	-	(186)
Differences between expected and actual experience	(58)	-	(58)
Changes of assumptions	1,409	-	1,409
Contributions - employer	-	789	(789)
Net investment income	-	(88)	88
Benefit payments	(216)	(216)	-
Administrative expense	-	(20)	20
Net changes	1,349	465	884
Balances at 6/30/2022	$ 7,276	$ 6,427	$ 849

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Fund, as well as what the Fund's net OPEB liability 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,					
	2023			2022		
	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	$ 7,785	$ 7,286	$ 6,835	$ 7,798	$ 7,276	$ 6,805
Plan Fiduciary Net Position	6,770	6,770	6,770	6,427	6,427	6,427
Net OPEB Liability	$ 1,015	$ 516	$ 65	$ 1,371	$ 849	$ 378
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	87.00%	92.90%	99.10%	82.40%	88.30%	94.50%

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates. The following presents the net OPEB liability 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,					
	2023			2022		
	Trend Minus 1%	Current Baseline Trends	Trend Plus 1%	Trend Minus 1%	Current Baseline Trends	Trend Plus 1%
Total OPEB Liability	$ 6,674	$ 7,286	$ 7,982	$ 6,710	$ 7,276	$ 7,919
Plan Fiduciary Net Position	6,770	6,770	6,770	6,427	6,427	6,427
Net OPEB Liability	$ (96)	$ 516	$ 1,212	$ 283	$ 849	$ 1,492
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	101.40%	92.90%	84.80%	95.80%	88.30%	81.20%

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

For the years ended June 30, 2023 and June 30, 2022, respectively, the Fund recognized OPEB expense of $570,549 and $401,301. At June 30, 2023 and June 30, 2022, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Dollars in thousands)	June 30, 2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 82	$ -	$ 151
Changes in assumptions	1,032	-	1,408	110
Net difference between projected and actual earnings on OPEB plan investments	95	-	352	-
Total	$ 1,127	$ 82	$ 1,760	$ 261

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
2024	403
2025	389
2026	288
2027	(35)

NOTE I – SUBSEQUENT EVENTS

On July 19, 2023, the Fund issued the Housing Finance 2023 Series B bonds in the amount of $50,000,000. Bond proceeds will be used to originate single family mortgage loans.

On July 26, 2023, the Fund withdrew $15,000,000 in funds from the Line of Credit with United Bank.

NOTE J - NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 100, *Accounting Changes and Error Corrections* and Statement No. 101, *Compensated Absences*. The provisions of Statement 100 are effective for periods beginning after June 15, 2023. The provisions of Statement 101 are effective for periods beginning after December 15, 2023. The Fund has not yet determined the effect, if any, these statements will 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								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Fund's proportionate (percentage) of the net pension liability (asset)	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)	$ 663	$ (3,538)	$ 1,957	$ 828	$ 999	$ 1,648	$ 3,526	$ 2,310	$ 1,526
The Fund's covered payroll	$ 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	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	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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 649	$ 721	$ 642	$ 575	$ 565	$ 588	$ 622	$ 714	$ 785	$ 803
Contributions in relation to the statutorily required contribution	649	721	642	575	565	588	622	714	785	803
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fund's covered payroll	$ 7,211	$ 7,210	$ 6,420	$ 5,750	$ 5,650	$ 5,345	$ 5,183	$ 5,289	$ 5,607	$ 5,538
Contributions as a percentage of covered payroll	9.0%	10.0%	10.0%	10.0%	10.0%	11.0%	12.0%	13.5%	14.0%	14.5%

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)	June 30, 2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	$ 245	$ 223	$ 200	$ 172	$ 143	$ 147	$ 150
Interest (includes interest on service cost)	215	177	174	227	219	234	245
Changes in benefit terms	-	(186)	-	-	-	-	-
Differences between expected and actual experience	-	(58)	-	(142)	-	(200)	-
Changes of assumptions	-	1,409	-	560	-	(660)	-
Benefit payments	(168)	(216)	(92)	(95)	(311)	(228)	(218)
Net change in total OPEB liability	**$ 292**	**$ 1,349**	**$ 282**	**$ 722**	**$ 51**	**$ (707)**	**$ 177**
Total OPEB liability - beginning	**6,994**	**5,927**	**5,645**	**4,923**	**4,872**	**5,579**	**5,402**
Total OPEB liability - ending	**$ 7,286**	**$ 7,276**	**$ 5,927**	**$ 5,645**	**$ 4,923**	**$ 4,872**	**$ 5,579**
Plan fiduciary net position							
Contributions - employer	$ 450	$ 789	$ 321	$ 95	$ 311	$ 228	$ 405
Net investment income	367	(88)	21	180	172	46	22
Benefit payments, including refunds of member contributions	(168)	(216)	(92)	(95)	(311)	(228)	(218)
Administrative expense	(24)	(20)	(33)	(20)	(31)	(35)	(16)
Net change in plan fiduciary net position	**$ 625**	**$ 465**	**$ 217**	**$ 160**	**$ 141**	**$ 11**	**$ 193**
Plan fiduciary net position - beginning	**6,145**	**5,962**	**5,745**	**5,585**	**5,444**	**5,433**	**5,240**
Plan fiduciary net position - ending	**$ 6,770**	**$ 6,427**	**$ 5,962**	**$ 5,745**	**$ 5,585**	**$ 5,444**	**$ 5,433**
Net OPEB liability (asset) - ending	**$ 516**	**$ 849**	**$ (35)**	**$ (100)**	**$ (662)**	**$ (572)**	**$ 146**
Plan fiduciary net position as a percentage of the total OPEB liability	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)	June 30, 2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 391	$ 412	$ 221	$ 189	$ 108	$ 101	$ 162
Contributions in relation to the actuarially determined contribution	450	789	321	95	311	228	405
Contribution (excess)	(59)	(377)	(100)	94	(203)	(127)	(243)
Covered employee payroll	$ 6,317	$ 6,133	$ 5,946	$ 5,773	$ 5,582	$ 5,396	$ 5,268
Contributions as a percentage of covered employee payroll	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, 2023	2022	2021	2020	2019	2018	2017
Money-weighted rate of return, net of investment expense	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	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	2014
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	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value	Fair value	Fair value	Fair value
Amortization method	Level dollar, fixed period	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	Through Fiscal Year 2035
Actuarial assumptions:				
Investment rate of return	7.50%	7.50%	7.50%	7.50%
Projected salary increases:				
State	3.1 - 5.3%	3.1 - 5.3%	3.0 - 4.6%	4.25 - 6.0%
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%)	2.20%
Discount rate	7.50%	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	Healthy males - 1983 GAM
	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	Healthy females - 1971 GAM
	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 - 1971 GAM
	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 - Revenue ruling 96-7
	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%	1 - 26%
Non-state	2.50 - 35.88%	2.00 - 35.88%	2.00 - 35.88%	2 - 31.2%
Disability rates	.005 - 0.540%	.005 - 0.540%	.007 - .675%	0 - 8%
Retirement rates	12% - 100%	12% - 100%	12% - 100%	15% - 100%
Date range in most recent experience study	2013-2018	2013-2018	2009-2014	2004-2009

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	1/1/2022 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.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
Year Ended June 30, 2023

Award Description	Assistance Listing Number	Receipt from Treasury, HUD & IDIS Drawdown	Program Income	Total Federal Financial Receipts	Amount of Award Expended for Administrative Reimbursement	Federal Expenditures	Expenditures to Subrecipients	Total Federal Financial Expenditures FY2023	Beginning Balance of Loans from Previous Years with Continuing Federal Compliance Requirements at 6/30/2023	Total Federal Financial Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT										
Section 8 Project-Based Cluster:										
Section 8 Performance Based Contract Administration	14.WV800	$ 73,025,252	$ -	$ 73,025,252	$ 2,446,360	$ 70,578,892	$ -	$ 73,025,252	$ -	$ 73,025,252
Total Section 8 Project-Based Cluster		73,025,252	-	73,025,252	2,446,360	70,578,892	-	73,025,252	-	73,025,252
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (Passed Through the West Virginia Development Office - Federal Award Identification Number B-16-DL-54-0001)	14.228	6,628,341	-	6,628,341	140,969	6,487,372	-	6,628,341	-	6,628,341
HOME Investment Partnerships Non-Loan Program	14.239	990,116	175,543	1,165,659	906,409	259,250	-	1,165,659	-	1,165,659
HOME Investment Partnerships Loan Program	14.239	2,569,158	985,774	3,554,932	-	3,554,932	-	3,554,932	114,428,355	117,983,287
Total HOME Investment Partnerships Program (14.239)		3,559,274	1,161,317	4,720,591	906,409	3,814,182	-	4,720,591	114,428,355	119,148,946
Housing Trust Fund Non-Loan Program	14.275	287,321	-	287,321	287,321	-	-	287,321	-	287,321
Housing Trust Fund Loan Program	14.275	4,764,817	10	4,764,827	-	4,764,827	-	4,764,827	8,514,534	13,279,361
Total Housing Trust Fund (14.275)		5,052,138	10	5,052,148	287,321	4,764,827	-	5,052,148	8,514,534	13,566,682

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
Year Ended June 30, 2023

Award Description	Assistance Listing Number	Receipt from Treasury, HUD & IDIS Drawdown	Program Income	Total Federal Financial Receipts	Amount of Award Expended for Administrative Reimbursement	Federal Expenditures	Expenditures to Subrecipients	Total Federal Financial Expenditures FY2023	Beginning Balance of Loans from Previous Years with Continuing Federal Compliance Requirements at 6/30/2023	Total Federal Financial Expenditures
U.S. DEPARTMENT OF THE TREASURY										
Passed Through the State of West Virginia:										
Emergency Rental Assistance (ERA1) - COVID-19 Federal Award Identification Number - OMB Approved No.: 1505-0266	21.023	-	339,043	339,043	4,243,975	20,370,670	-	24,614,645	-	24,614,645
Emergency Rental Assistance (ERA2) - COVID-19 Federal Award Identification Number - OMB Approved No.: 1505-0270	21.023	45,600,000	2,405,905	48,005,905	3,445,947	26,782,054	867,684	31,095,685	-	31,095,685
Total Emergency Rental Assistance (21.023)		45,600,000	2,744,948	48,344,948	7,689,922	47,152,724	867,684	55,710,330	-	55,710,330
Homeowner Assistance Fund (HAF) - COVID-19 Federal Award Identification Number - OMB Approved No.: 1505-0629	21.026	-	1,279,001	1,279,001	3,302,424	17,027,614	-	20,330,038	-	20,330,038
Total Federal Awards		$ 133,865,005	$ 5,185,276	$ 139,050,281	$ 14,773,405	$ 149,825,611	$ 867,684	$ 165,466,700	$ 122,942,889	$ 288,409,589

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards.

WEST VIRGINIA HOUSING DEVELOPMENT FUND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

NOTE A – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (SEFA) is presented on the accrual basis.

NOTE B – ADMINISTRATIVE EXPENSES

The West Virginia Housing Development Fund (the Fund) receives a fee for the administration of the Section 8 Housing Assistance Program (14.WV800). The fee amount is a maximum of 2% of the fair market rent per unit per month. Also, the Fund receives reimbursement for administrative expenses relating to the HOME Investment Partnerships (14.239) and National Housing Trust Fund (14.275) programs. The amount available for reimbursement is equal to 10% of the HOME Investment Partnerships and National Housing Trust Fund program basic allocation formula for each fiscal year. The Fund also receives reimbursement for administrative expenses relating to the ERA1 and ERA2 programs (21.023) and HAF program (21.026). The amount available for reimbursement is equal to no more than 10% of the amount paid to the Fund under the ERA1 program and no more than 15% of the amounts paid to the Fund under the ERA2 and HAF Programs. The Fund receives reimbursement for actual administrative expenses related to the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (14.228).

NOTE C – HOME INVESTMENT PARTNERSHIPS PROGRAM

The following is a summary of total federal receipts and expenditures for the HOME Investment Partnership Program by participant number for fiscal year 2023:

Participant Number	Federal Receipts	Repayment Income	Total Federal Financial Receipts	Total Expenditures
M18-SG-54-0100	$ 399,468	$ 153,500	$ 552,968	$ 552,968
M19-SG-54-0100	648,383	380,385	1,028,768	1,028,768
M20-SG-54-0100	2,148,348	451,889	2,600,237	2,600,237
M21-SG-54-0100	181,481	-	181,481	181,481
M22-SG-54-0100	181,594	175,543	357,137	357,137
	$ 3,559,274	$ 1,161,317	$ 4,720,591	$ 4,720,591

NOTE D – HOUSING TRUST FUND PROGRAM

The following is a summary of total federal receipts and expenditures for the Housing Trust Fund by participant number for fiscal year 2023:

Participant Number	Federal Receipts	Repayment Income	Total Federal Financial Receipts	Total Expenditures
F17-SG-54-0100	$ 58,100	$ -	$ 58,100	$ 58,100
F18-SG-54-0100	569,390	-	569,390	569,390
F19-SG-54-0100	2,803,381	-	2,803,381	2,803,381
F20-SG-54-0100	619,299	-	619,299	619,299
F21-SG-54-0100	1,001,968	10	1,001,978	1,001,978
	$ 5,052,138	$ 10	$ 5,052,148	$ 5,052,148

NOTE E – LOANS WITH CONTINUING FEDERAL COMPLIANCE REQUIREMENTS

The following is a summary of loan balances at June 30, 2023 for which the Federal government imposes continuing compliance requirements:

Program Title	**Assistance Listing Number**	**Loan Balance**
Housing Trust Fund	14.275	$ 13,279,361
HOME Investment	14.239	113,078,933
		$ 126,358,294

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Virginia Housing Development Fund (the Fund), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated September 14, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
September 14, 2023

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the West Virginia Housing Development Fund's (the Fund) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Fund's major federal programs for the year ended June 30, 2023. The Fund's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Fund's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Fund's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Fund's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Fund's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Fund's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Fund's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
January 17, 2024

WEST VIRGINIA HOUSING DEVELOPMENT FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified? _____ Yes __X__ None reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified? _____ Yes __X__ None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes __X__ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.WV800	Section 8 Project Based Cluster
14.228	Community Development Block Grant
21.023	Emergency Rental Assistance
21.026	Homeowner Assistance Fund

WEST VIRGINIA HOUSING DEVELOPMENT FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended June 30, 2023

Section I - Summary of Auditors' Results (Continued)

Dollar threshold used to distinguish between type A and type B programs:	$ 3,000,000	
Auditee qualified as low-risk auditee?	__X__ Yes	___ No

Section II - Financial Statement Findings

No findings were identified that are required to be reported under this section.

Section III - Federal Award Findings and Questioned Costs

No findings were identified that are required to be reported under this section.