# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

**Financial Statements**
**For the Years Ended**
**June 30, 2024 and 2023**
**and Independent Auditors' Report**

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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CliftonLarsonAllen LLP
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# INDEPENDENT AUDITORS' REPORT

The Members
Wisconsin Housing and Economic Development Authority
Madison, Wisconsin

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of Wisconsin Housing and Economic Development Authority, a component unit of the state of Wisconsin as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Wisconsin Housing and Economic Development Authority'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 financial position of Wisconsin Housing and Economic Development Authority, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wisconsin Housing and Economic Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Wisconsin Housing and Economic Development Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wisconsin Housing and Economic Development Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wisconsin Housing and Economic Development Authority's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wisconsin Housing and Economic Development Authority's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information listed in the table of contents 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 October 17, 2024, on our consideration of Wisconsin Housing and Economic Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wisconsin Housing and Economic Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wisconsin Housing and Economic Development Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Wauwatosa, Wisconsin
October 17, 2024

**WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY**
**(A Component Unit of the State of Wisconsin)**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The Wisconsin Housing and Economic Development Authority (Authority), created in 1972 by an act of the Wisconsin Legislature, facilitates the purchase, construction, and rehabilitation of housing for families of low and moderate-income by providing or participating in the origination of mortgage loans and housing tax credits, as well as providing economic development financing guarantees and loans. The Authority's two largest programs are the Home Ownership Mortgage Loan Program (Single Family) and the Multifamily Mortgage Loan Program (Multifamily). Among the additional programs that the Authority administers are the Housing Tax Credit Programs, the State Small Business Credit Initiative Program, the Capital Magnet Fund Program, the Housing Trust Fund Program, the Participation Lending Program, the Main Street Housing Rehabilitation Loan Program, the Commercial-to-Housing Conversion Loan Program, the Residential Housing Infrastructure Loan Program, the Single Family Housing Rehabilitation Grants and Loans Program, the Home Improvement Loan Program, and the Wisconsin Development Reserve Fund.

The various loan program activities are all considered proprietary and are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuance of bonds, both tax-exempt and taxable, the proceeds of which are used to make loans to finance the purchase or development of housing available to low and moderate-income families. The Net Position of these programs represents accumulated earnings since their inception and is generally restricted for program purposes.

This section of the Authority's annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2024 compared to the fiscal years that ended on June 30, 2023 and 2022. Please read it in conjunction with the Authority's financial statements, which follow this section.

**Financial Highlights – Fiscal Year 2024**

Authority earnings were slightly higher than fiscal year 2024 budget expectations. Net Income before the adjustment for a change in the market value of investments was $100.0 million, compared to budgeted earnings of $97.8 million. Fiscal year 2024 loan fundings were higher than 2023 levels, and prepayments increased by $16.4 million or 9.1%.

The following are financial highlights for fiscal year 2024:

- Consolidated net income after the adjustment for the market value of investments was $74.1 million. The aggregate market value adjustment for the year was a negative $25.9 million.
- Mortgage and Mortgage-Backed Securities (MBS) Investment earnings before the adjustment for a change in the market value of investments increased by $29.0 million to $120.8 million during 2024. The combined mortgage loan and MBS investment portfolio increased by $457.3 million, or 20.4%. The growth of the portfolio was due to a 67.0% increase in overall loan fundings and a very modest increase in prepayment levels related largely to multifamily loan conversions.
- Bonds and Notes Payable outstanding at year end climbed $465.2 million to end fiscal year 2024 at $2.4 billion. Interest expense and debt financing costs rose $23.5 million or 45.9%. The overall level of bonding was higher than in the previous fiscal year due to increased lending volume.
- The Authority's long-term Issuer's Credit Rating (ICR) and bond resolution ratings were stable in 2024. The Authority has an ICR from Moody's Investors Services (Moody's) of Aa3 and from Standard and Poor's (S&P) of AA. All individual bond resolutions have credit ratings equal to or better than the Authority's ICR.

**Financial Highlights – Fiscal Year 2023**

Authority earnings exceeded fiscal year 2023 budget expectations. Net Income before the adjustment for a change in the market value of investments was $59.5 million, which was higher than budgeted earnings of $40.2 million. Fiscal year 2023 loan fundings were also up compared to 2022, and prepayment levels decreased by $168.5 million or 48.3%.

The following are financial highlights for fiscal year 2023:

- Consolidated net income after the adjustment for the market value of investments was $15.7 million. The aggregate market value adjustment for the year was a negative $43.8 million.
- Mortgage and Mortgage-Backed Securities (MBS) Investment earnings before the adjustment for a change in the market value of investments increased by $4.7 million to $91.8 million during 2023. The combined mortgage loan and MBS investment portfolio increased by $145.7 million, or 6.9%. The growth of the portfolio was due largely to a 6.2% increase in overall loan fundings and a significantly lower level of prepayments that was fueled by a substantial increase in interest rates.
- Bonds and Notes Payable outstanding at year end grew by $79.6 million during fiscal year 2023. Interest expense and debt financing costs rose $4.9 million or 10.6%. The overall level of bonding was higher than in 2022 due to increased lending volume.

- The Authority's long-term Issuer's Credit Rating (ICR) and bond resolution ratings were stable in 2023. The Authority has an ICR from Moody's Investors Services (Moody's) of Aa3 and from Standard and Poor's (S&P) of AA. All individual bond resolutions have credit ratings equal to or better than the Authority's ICR.

**Statements of Net Position - Comparative Fiscal Year 2024**

The following condensed statements of net position show a summary of changes, in dollars and percentages, between fiscal years ended June 30, 2024 and 2023. The Authority reported a change in net position of $74.1 million for the year ended June 30, 2024.

**Wisconsin Housing and Economic Development Authority**
**Statements of Net Position**
**June 30, 2024 and 2023**
**(Millions of Dollars)**

| | | | Increase / (Decrease) | |
|---|---|---|---|---|
| | **2024** | **2023** | **Amount** | **%** |
| Cash and cash equivalents | $1,264.2 | $575.8 | $688.4 | 119.6 |
| Mortgage loans and interest receivable | 1,319.9 | 1,241.1 | 78.8 | 6.3 |
| Mortgage-backed securities investments and interest receivable | 1,380.2 | 1,001.7 | 378.5 | 37.8 |
| Investments and interest receivable | 128.1 | 189.4 | (61.3) | (32.4) |
| Other assets | 67.7 | 63.0 | 4.7 | 7.5 |
| **Total Assets** | 4,160.1 | 3,071.0 | 1,089.1 | 35.5 |
| Accumulated decrease in fair value of hedging | 0.7 | 2.6 | (1.9) | (73.1) |
| Deferred outflows of resources – pension | 9.3 | 13.9 | (4.6) | (33.1) |
| Deferred outflows of resources – OPEB | 1.6 | 1.5 | 0.1 | 6.7 |
| **Total Deferred Outflows of Resources** | 11.6 | 18.0 | (6.4) | (35.6) |
| Accrued interest payable | 19.3 | 12.7 | 6.6 | 52.0 |
| Bonds and notes payable | 2,431.7 | 1,966.5 | 465.2 | 23.7 |
| Interest Rate Swap Agreements | 0.7 | 2.6 | (1.9) | (73.1) |
| Net Pension liability | 1.1 | 3.8 | (2.7) | (71.1) |
| Net OPEB liability | 2.4 | 1.8 | 0.6 | 33.3 |
| Other liabilities | 718.8 | 179.2 | 539.6 | 301.1 |
| **Total Liabilities** | 3,174.0 | 2,166.6 | 1,007.4 | 46.5 |
| Accumulated change in fair value of hedging derivatives | 26.1 | 22.4 | 3.7 | 16.5 |
| Deferred inflows of resources – pension | 5.8 | 8.0 | (2.2) | (27.5) |
| Deferred inflows of resources – OPEB | 1.6 | 1.9 | (0.3) | (15.8) |
| | 33.5 | 32.3 | 1.2 | 3.7 |
| Net investment in capital assets | 17.3 | 17.1 | 0.2 | 1.1 |
| Restricted by bond resolutions | 539.4 | 527.2 | 12.2 | 2.3 |
| Restricted by contractual agreements | 384.5 | 327.1 | 57.4 | 17.5 |
| Unrestricted | 23.0 | 18.7 | 4.3 | 23.0 |
| **Total Net Position** | $964.2 | $890.1 | $74.1 | 8.3 |

Schedule may not foot due to rounding.

The Authority's total asset balance rose $1.1 billion during fiscal 2024, to end the year at $4.2 billion. Both the mortgage-backed securities and mortgage portfolios experienced growth during fiscal year 2024 as well. Single Family fundings increased by $350.8 million or 149.25% and, prepayments dropped by $2.5 million or 3.0%. Multifamily fundings decreased $30.0 million (12.8%) and prepayments grew by $18.9 million.

The Mortgage loans and interest receivable portfolio ended the fiscal year at $1.3 billion which was a $78.8 million or 6.3% increase over fiscal year 2023. Mortgage-backed securities investments and interest receivable grew $378.5 million to end the year at $1.4 billion. The combined portfolio balance of $2.7 billion reflects an increase of $457.3 million (20.4%).

Liabilities ended the year at $3.2 billion, a $1.0 billion increase over fiscal 2023. The primary source of the increase was new bonds issued to finance both Single Family First Time Home Buyer (FTHB) mortgages and Multifamily loans. There were three Single Family bond issues in fiscal year 2024 totaling $564.7 million. In the Multifamily program, $92.6 million in new bonds were issued. In addition, a $525.0 million liability was recorded for legislative funds received from the State of Wisconsin to administer four new housing programs.

Overall, net position increased $74.1 million during fiscal year 2024. The various lending programs and investments within the Authority's business segments generated the change in net position. The business segment contributions for fiscal year 2024 are as follows: ($7.7) million in Single Family bond resolutions, $20.8 million in Multifamily Bond and Housing Revenue bond resolutions, $42.0 million in the General Fund (including subsidiary change in net position) and $19.0 in State of Wisconsin Programs.

**Statements of Net Position - Comparative Fiscal Year 2023**

The following condensed statements of net position show a summary of changes, in dollars and percentages, between fiscal years ended June 30, 2023 and 2022. The Authority reported a change in net position of $15.7 million for the year ended June 30, 2023

**Wisconsin Housing and Economic Development Authority**
**Statements of Net Position**
**June 30, 2023 and 2022**
**(Millions of Dollars)**

| | **2023** | **2022** | **Increase / (Decrease) Amount** | **%** |
|---|---|---|---|---|
| Cash and cash equivalents | $575.8 | $631.3 | ($55.5) | (8.8) |
| Mortgage loans and interest receivable | 1,241.1 | 1,126.1 | 115.0 | 10.2 |
| Mortgage-backed securities investments and interest receivable | 1,001.7 | 971.0 | 30.7 | 3.2 |
| Investments and interest receivable | 189.4 | 154.4 | 35.0 | 22.7 |
| Net pension asset | 0.0 | 5.9 | (5.9) | (100.0) |
| Other assets | 63.0 | 51.7 | 11.3 | 21.9 |
| **Total Assets** | 3,071.0 | 2,940.4 | 130.6 | 4.4 |
| Accumulated decrease in fair value of hedging | 2.6 | 5.9 | (3.3) | (55.9) |
| Deferred outflows of resources – pension | 13.9 | 11.0 | 2.9 | 26.4 |
| Deferred outflows of resources – OPEB | 1.5 | 1.5 | 0.0 | 0.0 |
| **Total Deferred Outflows of Resources** | 18.0 | 18.4 | (0.4) | (2.2) |
| Accrued interest payable | 12.7 | 12.0 | 0.7 | 5.8 |
| Bonds and notes payable | 1,966.5 | 1,886.9 | 79.6 | 4.2 |
| Interest Rate Swap Agreements | 2.6 | 5.9 | (3.3) | (55.9) |
| Net Pension liability | 3.8 | 0.0 | 3.8 | - |
| Net OPEB liability | 1.8 | 2.4 | (0.6) | (25.0) |
| Other liabilities | 179.2 | 151.8 | 27.4 | 18.1 |
| **Total Liabilities** | 2,166.6 | 2,059.0 | 107.6 | 5.2 |
| Accumulated change in fair value of hedging derivatives | 22.4 | 10.4 | 12.0 | 115.4 |
| Deferred inflows of resources – pension | 8.0 | 13.9 | (5.9) | (42.4) |
| Deferred inflows of resources – OPEB | 1.9 | 1.1 | 0.8 | 72.7 |
| | 32.3 | 25.4 | 6.9 | 27.2 |
| Net investment in capital assets | 17.1 | 17.9 | (0.8) | (4.5) |
| Restricted by bond resolutions | 527.2 | 539.5 | (12.3) | (2.3) |
| Restricted by contractual agreements | 327.1 | 299.9 | 27.2 | 9.1 |
| Unrestricted | 18.7 | 17.1 | 1.6 | 9.4 |
| **Total Net Position** | $890.1 | $874.4 | $15.7 | 1.8 |

Schedule may not foot due to rounding.

The Authority's total asset balance grew $130.6 million during fiscal 2023, to end at $3.1 billion. Both the mortgage-backed securities and mortgage portfolios experienced growth during fiscal year 2023 as well. While Single Family fundings were down $52.8 million or 18.34%, prepayments dropped by $172.0 million or 67.0%. Multifamily fundings rose by 51.5% or $80.3 million and prepayments remained relatively flat.

The Mortgage loans and interest receivable portfolio ended the fiscal year at $1.2 billion which represented a $115.0 million or 10.2% increase over fiscal year 2022. Mortgage-backed securities investments rose $30.7 million to end the year at $1.0 billion. The combined portfolio balance of $2.2 billion reflects an increase of $145.7 million or 6.9%.

Liabilities ended the year at $2.2 billion, which represents a $107.6 million increase over fiscal 2022. The change was driven primarily by new bonds that were issued to finance both Single Family First Time Home Buyer (FTHB) mortgages and Multifamily loans. There was one Single Family bond issue in fiscal year 2023 totaling $74.9 million. In the Multifamily program, new bond issues totaled $225.5 million. Proceeds were used to fund new loans in both lines of business.

Overall, net position increased $15.7 million during fiscal year 2023. The various lending programs and investments within the Authority's business segments generated the change in net position. The business segment contributions for fiscal year 2023 are as follows: ($24.1) million in Single Family bond resolutions, $11.9 million in Multifamily Bond and Housing Revenue bond resolutions, $27.2 million in the General Fund (including subsidiary change in net position) and $708,000 in State of Wisconsin Programs.

**Statements of Revenues, Expenses and Change in Net Position – Comparative Fiscal Year 2024**

The Authority reported a change in net position of $74.1 million for the fiscal year ended June 30, 2024. The following table summarizes the Statements of Revenues, Expenses and Change in Net Position of the Authority for the fiscal years ended June 30, 2024 and 2023.

**Wisconsin Housing and Economic Development Authority**
**Statements of Revenues, Expenses and Change in Net Position**
**For the Fiscal Years Ended June 30, 2024 and 2023**
**(Millions of Dollars)**

| | | | Favorable/ (Unfavorable) | |
|---|---|---|---|---|
| | **2024** | **2023** | **Amount** | **%** |
| Mortgage income | $73.8 | $59.9 | $13.9 | 23.2 |
| Mortgage-backed securities investment income (net) | 21.0 | (11.9) | 32.9 | 276.5 |
| Investment income (net) | 55.4 | 24.8 | 30.6 | 123.4 |
| Interest expense and debt financing costs | (74.7) | (51.2) | (23.5) | (45.9) |
| **Net Interest Income** | 75.5 | 21.6 | 53.9 | 249.5 |
| Mortgage service fees | 9.7 | 8.4 | 1.3 | 15.5 |
| Pass-through subsidy revenue | 229.0 | 212.8 | 16.2 | 7.6 |
| Grant Income | 18.0 | 11.5 | 6.5 | 56.5 |
| Other | 20.0 | 17.0 | 3.0 | 17.6 |
| **Net Interest And Other Income** | 352.2 | 271.3 | 80.9 | 29.8 |
| Direct loan program expense | 18.5 | 13.3 | (5.2) | (39.1) |
| Pass-through subsidy expense | 229.0 | 212.8 | (16.2) | (7.6) |
| Grants and services | 3.1 | 2.7 | (0.4) | (14.8) |
| General and administrative expenses | 27.4 | 26.7 | (0.7) | (2.6) |
| Other expense | 0.1 | 0.1 | 0.0 | 0.0 |
| **Change in Net Position** | 74.1 | 15.7 | 58.4 | 372.0 |
| **Net Position, Beginning of Year** | 890.1 | 874.4 | (15.7) | (1.8) |
| **Net Position, End of Year** | $964.2 | $890.1 | $74.1 | 8.3 |

Schedule may not foot due to rounding

Net Interest Income increased 249.5% or $53.9 million during fiscal 2024, ending the year at $75.5 million. Both the mortgage-backed securities and traditional mortgage portfolios grew during the year. Prepayment levels remained low due to sustained high interest rates. *Accounting Standard Board Statement No. 31* requires that the Authority periodically adjust the investments to reflect current market value. The cumulative adjustment for fiscal year 2024 was a write-down of $25.9 million which when compared to the write-down of $43.8 million in the prior fiscal year explains much of the change in net income. While the Authority doesn't intend to actually realize these losses, the adjustment can lead to significant swings in the recorded value of the portfolio.

Direct loan program expense increased by 39.1% or $5.2 million during 2024. A significant increase in single family loan originations was the primary contributing factor to the increase in expenses in this area during the year.

Pass-through subsidy revenue and expense represent subsidy proceeds and other financial assistance received by the Authority and transferred to or spent on behalf of secondary projects. Revenues and expenses of the pass-through subsidy programs are equal, resulting in a net effect on the Authority's financial statements, of zero.

**Statements of Revenues, Expenses and Change in Net Position – Comparative Fiscal Year 2023**

The Authority reported a change in net position of $15.7 million for the fiscal year ended June 30, 2023. The following table summarizes the Statements of Revenues, Expenses and Change in Net Position of the Authority for the fiscal years ended June 30, 2023 and 2022.

**Wisconsin Housing and Economic Development Authority**
**Statements of Revenues, Expenses and Change in Net Position**
**For the Fiscal Years Ended June 30, 2023 and 2022**
**(Millions of Dollars)**

| | | | Favorable/ (Unfavorable) | |
|---|---|---|---|---|
| | **2023** | **2022** | **Amount** | **%** |
| Mortgage income | $59.9 | $57.1 | $2.8 | 4.9 |
| Mortgage-backed securities investment income (net) | (11.9) | (99.1) | 87.2 | 88.0 |
| Investment income (net) | 24.8 | 5.7 | 19.1 | 335.1 |
| Interest expense and debt financing costs | (51.2) | (46.3) | (4.9) | (10.6) |
| **Net Interest Income** | 21.6 | (82.6) | 104.2 | 126.2 |
| Mortgage service fees | 8.4 | 8.0 | 0.4 | 5.0 |
| Pass-through subsidy revenue | 212.8 | 203.9 | 8.9 | 4.4 |
| Grant Income | 11.5 | 4.6 | 6.9 | 150.0 |
| Other | 17.0 | 16.7 | 0.3 | 1.8 |
| **Net Interest And Other Income** | 271.3 | 150.6 | 120.7 | 80.1 |
| Direct loan program expense | 13.3 | 10.3 | (3.0) | (29.1) |
| Pass-through subsidy expense | 212.8 | 203.9 | (8.9) | (4.4) |
| Grants and services | 2.7 | 1.2 | (1.5) | (125.0) |
| General and administrative expenses | 26.7 | 22.8 | (3.9) | (17.1) |
| Other expense | 0.1 | 0.1 | 0.0 | 0.0 |
| **Change in Net Position** | 15.7 | (87.7) | 103.4 | (117.9) |
| **Net Position, Beginning of Year** | 874.4 | 962.1 | (87.7) | (9.1) |
| **Net Position, End of Year** | $890.1 | $874.4 | $15.7 | 1.8 |

Schedule may not foot due to rounding

Net Interest Income increased 126.2% or $104.2 million during fiscal 2023, ending the year at $21.6 million. Both the mortgage-backed securities and traditional mortgage portfolios grew during the year. Prepayment levels dropped off sharply due to a significant increase in interest rates. *Accounting Standard Board Statement No. 31* requires that the Authority periodically adjust the investments to reflect current market value. The cumulative adjustment for fiscal year 2023 was a write-down of $43.8 million which when compared to the write-down of $129.2 million in the prior fiscal year explains much of the change in net income. While the Authority doesn't intend to actually realize these losses, the adjustment can lead to significant swings in the recorded value of the portfolio.

Direct loan program expense increased by 29.1% or $3.0 million during 2023. A significant increase in the loan loss provision was the primary contributing factor to the increase in expenses in this area during the year.

Pass-through subsidy revenue and expense represent subsidy proceeds and other financial assistance received by the Authority and transferred to or spent on behalf of secondary projects. Revenues and expenses of the pass-through subsidy programs are equal resulting in a net effect, on the Authority's financial statements, of zero.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Statements of Net Position
### June 30, 2024 and 2023
(Thousands of Dollars)

| | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash and cash equivalents (Notes 1 & 4) | $1,264,241 | $575,772 |
| Investments (Notes 1 & 4) | - | 53,592 |
| Investment interest receivable | 5,383 | 1,807 |
| Mortgage-backed securities investment interest receivable | 4,886 | 2,944 |
| Mortgage loans receivable, net (Notes 1 & 5) | 146,212 | 116,235 |
| Mortgage interest receivable | 7,179 | 6,161 |
| Accounts receivable | 5,166 | 3,387 |
| Prepaid expense | 46 | 64 |
| Total Current Assets | 1,433,113 | 759,962 |
| Noncurrent Assets: | | |
| Investments (Notes 1 & 4) | 122,725 | 133,996 |
| Mortgage-backed securities (Notes 1 & 4) | 1,375,282 | 998,738 |
| Mortgage loans receivable, net (Notes 1 & 5) | 1,166,557 | 1,118,656 |
| Derivative instrument - interest rate swaps (Notes 1 & 7) | 26,104 | 22,434 |
| Other assets (Note 1) | 36,390 | 37,200 |
| Total Noncurrent Assets | 2,727,058 | 2,311,024 |
| Total Assets | 4,160,171 | 3,070,986 |
| **Deferred Outflow of Resources** | | |
| Accumulated change in fair value of hedging derivatives (Notes 1 & 7) | 734 | 2,590 |
| Deferred outflow of resources - pension (Note 9) | 9,275 | 13,943 |
| Deferred outflow of resources - OPEB (Note 9) | 1,566 | 1,549 |
| Total Deferred Outflow of Resources | 11,575 | 18,082 |
| **Liabilities** | | |
| Current Liabilities: | | |
| Bonds and notes payable (Notes 1 & 6) | 112,575 | 81,570 |
| Accrued interest payable | 19,300 | 12,696 |
| Total Current Liabilities | 131,875 | 94,266 |
| Noncurrent Liabilities: | | |
| Bonds and notes payable (Notes 1 & 6) | 2,319,122 | 1,884,954 |
| Escrow deposits (Notes 1 & 4) | 127,326 | 104,069 |
| Derivative instrument - interest rate swaps (Notes 1 & 7) | 734 | 2,590 |
| Net pension liability (Note 9) | 1,084 | 3,836 |
| Net OPEB liability (Note 9) | 2,402 | 1,841 |
| Other liabilities | 591,503 | 74,980 |
| Total Noncurrent Liabilities | 3,042,171 | 2,072,270 |
| Total Liabilities | 3,174,046 | 2,166,536 |
| **Deferred Inflow of Resources** | | |
| Accumulated change in fair value of hedging derivatives (Notes 1 & 7) | 26,104 | 22,434 |
| Deferred inflow of resources - pension (Note 9) | 5,791 | 8,030 |
| Deferred inflow of resources - OPEB (Note 9) | 1,608 | 1,965 |
| Total Deferred Inflow of Resources | 33,503 | 32,429 |
| **Net Position** | | |
| Net investment in capital assets | 17,297 | 17,101 |
| Restricted by bond resolutions (Note 8) | 539,377 | 527,176 |
| Restricted by contractual agreements (Note 8) | 384,545 | 327,142 |
| Unrestricted (Note 8) | 22,978 | 18,684 |
| Total Net Position | $964,197 | $890,103 |

The accompanying notes are an integral part of the financial statements.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Statements of Revenues, Expenses And Change in Net Position For the Years Ended June 30, 2024 and 2023

**(Thousands of Dollars)**

| | 2024 | 2023 |
|---|---|---|
| Mortgage income (Note 1) | $73,829 | $59,912 |
| Investment income (Note 1) | 55,395 | 24,805 |
| Net decrease in fair value of investments | - | (1) |
| Mortgage-backed securities investment income | 46,976 | 31,853 |
| Net decrease in fair value of mortgage-backed securities | (25,929) | (43,772) |
| Interest expense (Note 1) | (68,924) | (48,862) |
| Debt financing costs | (5,801) | (2,388) |
| Net Investment (Loss) Income | 75,546 | 21,547 |
| Mortgage service fees | 9,705 | 8,433 |
| Pass-through subsidy revenue (Note 1) | 228,996 | 212,793 |
| Grant Income | 18,016 | 11,482 |
| Other income (Note 1) | 19,992 | 17,015 |
| Net Investment and Other Income | 352,255 | 271,270 |
| Direct loan program expense | 18,571 | 13,339 |
| Pass-through subsidy expense (Note 1) | 228,996 | 212,793 |
| Grants and services | 3,107 | 2,750 |
| General and administrative expenses | 27,416 | 26,654 |
| Other expense (Note 1) | 71 | 53 |
| Total Expenses | 278,161 | 255,589 |
| Change in Net Position | 74,094 | 15,681 |
| Net Position, Beginning of Year | 890,103 | 874,422 |
| Net Position, End of Year | $964,197 | $890,103 |

The accompanying notes are an integral part of the financial statements.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Statements of Cash Flows
### For the Years Ended June 30, 2024 and 2023
**(Thousands of Dollars)**

| | 2024 | 2023 |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Cash received from interest on mortgage loans | $72,812 | $59,656 |
| Cash received from mortgage payments | 201,631 | 177,835 |
| Cash received from other fees and other income | 571,700 | 40,587 |
| Cash paid to purchase mortgage loans | (279,510) | (292,540) |
| Cash received from (paid to) escrow and other agency deposits, net | 23,257 | (164) |
| Cash paid to employees | (21,937) | (20,356) |
| Cash received from vendors | (35,494) | 3,201 |
| Net Cash Provided by (Used in) Operating Activities | 532,459 | (31,781) |
| Cash Flows from Non-Capital Financing Activities: | | |
| Proceeds from issuance of bonds and notes | 775,889 | 329,746 |
| Repayments on bonds and notes | (306,307) | (245,200) |
| Interest paid on bonds, notes and escrows | (66,730) | (53,126) |
| Bond issuance costs | (5,801) | (2,323) |
| Net Cash Provided by Non-Capital Financing Activities | 397,051 | 29,097 |
| Cash Flows from Investing Activities: | | |
| Purchases of investments | (827,651) | (461,657) |
| Proceeds from sales and maturities of investments | 490,042 | 354,066 |
| Investment interest received | 96,855 | 54,836 |
| Net Cash Used in Investing Activities | (240,754) | (52,755) |
| Cash Flows from Capital Financing Activities: | | |
| Purchase of capital assets | (287) | (104) |
| Sale of capital assets | - | - |
| Net Cash Used in Capital Financing Activities | (287) | (104) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 688,469 | (55,543) |
| Cash and Cash Equivalents, Beginning of Year | 575,772 | 631,315 |
| Cash and Cash Equivalents, End of Year | $1,264,241 | $575,772 |

The accompanying notes are an integral part of the financial statements.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Statements of Cash Flows
### For the Years Ended June 30, 2024 and 2023

**(Thousands of Dollars)**

| | 2024 | 2023 |
|---|---|---|
| Reconciliation of Change in Net Position to Net Cash Provided by (Used in) Operating Activities: | | |
| Change in Net Position | $74,094 | $15,681 |
| Adjustments to Reconcile Change in Net Position to Net Cash Provided by (Used in) Operating Activities: | | |
| Net decrease in fair value of investments and mortgage-backed securities | 25,929 | 43,773 |
| Provision for loan loss (Note 5) | 2,658 | 4,263 |
| Interest expense | 68,924 | 48,862 |
| Income on investments and mortgage backed securities | (102,371) | (56,658) |
| Depreciation and amortization | 3,657 | 3,269 |
| Increase in mortgage loans receivable and real estate held, net | (80,536) | (118,966) |
| Increase (Decrease) in escrows | 23,257 | (164) |
| Other | 516,847 | 28,159 |
| Net Cash Provided by (Used in) Operating Activities | $532,459 | ($31,781) |

The accompanying notes are an integral part of the financial statements.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Notes to Financial Statements

### For the Years Ended June 30, 2024 and 2023

# 1. Summary of Significant Accounting Policies

Accounting Principles: The financial statements of the Wisconsin Housing and Economic Development Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Accordingly, the Authority reports all activities within a single proprietary enterprise fund using the accrual basis of accounting and the economic resources measurement focus.

Blended Component Unit: The reporting entity for the Authority consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of, the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Discretely presented component units would be reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Authority. This report does not contain any discretely presented component units. Badger Capital Services, LLC (Badger Capital) is a Wisconsin limited liability company that is a wholly owned subsidiary of the Authority and is reported as a blended component unit. The primary purpose of Badger Capital is to provide mortgage servicing. Greater Wisconsin Opportunities Fund (GWOF) and Lift Wisconsin are Wisconsin non stock corporations that are wholly owned subsidiaries of the Authority and are reported as blended component units. GWOF and Lift Wisconsin are registered with the United States Department of the Treasury’s Community Development Financial Institutions (CDFI) Fund as Community Development Entities (CDE), created primarily for the purpose of participation in the New Markets Tax Credit (NMTC) program. The WHEDA Foundation, Inc. was established by WHEDA in 1983. The Foundation administers the Housing Grant Program and is responsible for receiving and administering housing grant funds on behalf of the Authority.

All material intercompany transactions and balances have been eliminated.

Authority Programs: The Authority accounts for each bond resolution as a separate accounting entity, each with its own assets, liabilities, net position, income and expense. The entities are then grouped according to type as they relate to Single Family (Home Ownership Revenue Bond and Home Ownership Mortgage Revenue Bonds), Housing Revenue Bonds, Multifamily Housing Bonds, State of Wisconsin and General Fund programs for presentation in the financial statements (Note 3).

Cash and Cash Equivalents: Cash and cash equivalents include short-term, highly liquid investments which are readily convertible to cash and typically have original maturities to the Authority of three months or less when acquired (Note 4).

Investments: Investments are carried at fair value based on quoted market prices. The collateralized and uncollateralized investment agreements are not transferable and are considered nonparticipating contracts. As such, both types of investment agreements are carried at contract value. The net increase (decrease) in the fair value of investments includes both realized and unrealized gains and losses (Note 4).

Mortgage-Backed Securities (MBS): The Authority participates in the Fannie Mae and Ginnie Mae MBS program. Through the MBS program, Fannie Mae and Ginnie Mae guarantee securities that are backed by pools of mortgage loans originated by the Authority (Note 4). The Authority purchases the securities and receives service fees for the pass-through of principal and interest payments on the pool of mortgage loans, less amounts required to cover guaranty fees.

Mortgage Loans Receivable and Mortgage Income: Mortgage loans held by the Authority are carried at their unpaid principal balance, net of the allowance for loan losses and real estate held. Loan origination fees and associated direct costs are recognized as income or expense at the time of the loan closing.

# 1. Summary of Significant Accounting Policies (continued)

The allowance for loan losses associated with mortgage loan receivable is increased by charges to expense and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Authority's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Mortgage income includes interest earned on the mortgages and the recognized loan origination fees. Mortgage interest income is calculated monthly using the 30/360-day interest calculation (Note 5).

Other Assets: At June 30, 2024, other capital assets total $51.6 million, at cost, less accumulated depreciation of $15.3 million. There were additional assets of $287,000 added in 2024. At June 30, 2023, other capital assets total $51.3 million, at cost, less accumulated depreciation of $14.2 million. There were additional assets of $104,000 added in 2023. Depreciation expense totaled $1.1 million and $1.0 million for the years ended June 30, 2024 and 2023, respectively. The assets are being depreciated on a straight-line basis, with half year convention, over the estimated useful life of the assets (40 years for office building and between two and ten years for the other capital assets). The Authority capitalizes assets with an original cost of $5,000 or more and an estimated useful life of greater than 1 year.

Bonds and Notes Payable: Bonds and notes payable include the general and special obligation bonds and notes collateralized by the revenues and assets of the Authority, subject to the provisions of the applicable resolutions and agreements (Note 6).

Debt Premiums and Discounts: Debt premiums and discounts are amortized ratably over the estimated life of the obligations to which they relate. Amortization of $0 of bond discount and $4.4 million of bond premium for the year ended June 30, 2024; and $0 of bond discount and $5.1 million of bond premium for the year ended June 30, 2023 are included in interest expense in the Statements of Revenues, Expenses and Change in Net Position.

Escrow Deposits: Escrow deposits include the amounts held for single family and multifamily borrowers for the costs of taxes and insurance. Also included in escrow deposits are residual receipts, replacement reserves, capital needs assessments and other funds held on behalf of multifamily projects of the Authority (Note 4).

Investment Interest Income and Interest Expense: Investment income earned on escrow deposits is allocated to borrowers based upon investment results. Interest expense includes $3.8 million and $2.0 million of investment income allocated to mortgage escrow deposits for the years ended June 30, 2024 and 2023, respectively (Note 4).

Other Income: Some of the items in other income include:

| | 2024 | 2023 |
|---|---|---|
| HUD Contract Administration | $8.2 million | $7.4 million |
| Federal Tax Credit Program | $6.0 million | $3.4 million |
| New Market Tax Credit (NMTC) | $392,000 | $419,000 |
| State Small Business Credit Initiative (SSBCI) Principal Repayments | $78,000 | $51,000 |
| Prepayment Premium - Multifamily Deals | $165,000 | $551,000 |

Grant Income: The authority was selected to administer Capital Magnet Funds in the amount of $25.3 million of which $4.3 million and $1.1 million was utilized in the years ended June 30, 2024, and 2023, respectively. The Authority was selected to administer Housing Trust Funds in the amount of $14.3 million of which $3.6 million and $5.0 million was utilized in the years ended June 30, 2024, and 2023, respectively. The Authority was selected to administer American Rescue Plan Act funds in the amount of $26.0 million of which $9.1 million and $4.2 million was utilized in the year ended June 30, 2024, and 2023, respectively. The Authority was also selected to administer a Federal Home Loan Bank grant in the amount of $3.0 million of which $968,000 and $458,000 was utilized in the years ended June 30, 2024, and 2023, respectively.

Pass-through Subsidy Revenue and Expense: In accordance with GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance", pass-through grants are reported in the financial statements as both revenue and expense (Note 3).

Pensions*:* The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (Note 9).

# 1. Summary of Significant Accounting Policies (concluded)

Other Post-Employment Benefits (OPEB). The fiduciary net position of the Supplemental Health Insurance Conversion Credit Program (SHICC) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the following:

- Net OPEB liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and
- OPEB expense (Revenue)

Information about the fiduciary net position of the SRLIF and additions to/deductions from SRLIF's fiduciary net position have been determined on the same basis as they are reported by SRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (Note 9).

The fiduciary net position of the Supplemental Health Insurance Conversion Credit Program (SHICC) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the following:

- Net OPEB liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and
- OPEB expense (Revenue)

Information about the fiduciary net position of the SHICC and additions to/deductions from SHICCs fiduciary net position have been determined on the same basis as they are reported by the SHICC. Benefits and refunds are recognized when due and payable in accordance with the terms of the program. Investments are reported at fair value (Note 9).

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

## 2. Authorizing Legislation and Funds

The Wisconsin Housing and Economic Development Authority, created in 1972 by an act of the Wisconsin Legislature, facilitates the purchase, construction and rehabilitation of housing for families of low and moderate-income by providing or participating in the origination of mortgage loans and housing tax credits, as well as providing economic development financing guarantees and loans. The Authority is authorized to issue bonds secured by a capital reserve fund up to an aggregate amount of $1.0 billion, excluding those being used to refund outstanding obligations and those issued under the programs described below. Outstanding general obligation Housing Revenue Bonds total $868.8 million and $874.0 million at June 30, 2024 and 2023, respectively. The Authority has no taxing power. Bonds issued by the Authority do not constitute a debt of the State of Wisconsin or any political subdivision thereof. The Authority is a component unit of the State of Wisconsin for financial reporting purposes.

The Authority's mission has been expanded since 1972 through legislation authorizing the following:

A Home Ownership Mortgage Loan Program, funded by revenue bonds of $9.9 billion through June 30, 2024 and $9.3 billion through June 30, 2023, of which approximately $1.4 billion and $943.1 million were outstanding at June 30, 2024 and 2023.

A Community Housing Alternatives Program (CHAP), funded by bonds of up to $99.4 million, to finance loans for residential facilities for the elderly or chronically disabled. There were no Housing Revenue Bonds outstanding under this program at June 30, 2024 and 2023.

A Housing Rehabilitation Program and Home Improvement Loan Program, funded by revenue bonds outstanding at any time of up to $100.0 million, to finance below-market-rate loans for home rehabilitation and down payment assistance. There were no revenue bonds outstanding under this program at June 30, 2024 and 2023.

A Wisconsin Development Reserve Fund Program, which represents State of Wisconsin funds appropriated to subsidize interest and provide guarantees of principal balances for qualifying loans. By Wisconsin Statute 234.93, the Authority is authorized to make loan guarantees of up to $49.5 million with a minimum required reserve ratio of 4.5:1 (guarantee to reserve). At June 30, 2024 and 2023, outstanding loan guarantees totaled $1.7 million and $2.1 million, respectively. The balance of the reserve fund, restricted for purposes of the program, was $8.1 million and $7.7 million at June 30, 2024 and 2023, respectively.

Section 234.65 of the Statutes of the State of Wisconsin (statutes) allows the Authority to fund Economic Development activity with revenue bonds of up to $150.0 million through June 30, 2024. The Authority was not renewed upon expiration. As of June 30, 2024 and 2023, $42.5 million of revenue bonds were issued for economic development projects in Wisconsin which do not constitute indebtedness of the Authority within the meaning of any provision or limitation of the State Constitution or statutes. They are payable solely out of the revenues derived pursuant to the loan agreement or, in the event of default of the loan agreement, out of any revenues derived from the sale, releasing or other disposition of the mortgaged property. They do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit and therefore, these bonds are not reflected in the financial statements of the Authority.

A Multifamily Housing Bond (MHB) Program, funded by the Authority's Multifamily bonds had outstanding balances of $71.0 million and $73.0 million as of June 30, 2024 and 2023, respectively. In addition, under the MHB program, other revenue bonds were issued which do not constitute indebtedness of the Authority within the meaning of any provision or limitation of the State Constitution or statutes. They do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. They are payable solely out of the revenues derived pursuant to the loan agreement or, in the event of default of the loan agreement, out of any revenues derived from the sale, releasing or other disposition of the mortgaged property. Based on the above, the bonds are not reflected in the financial statements of the Authority. As of June 30, 2024 and 2023 respectively, the Authority had issued an aggregate principal amount of $779.2 million and $299.1 million of these non-general obligation credit bonds.

In May, 2018, Act 176 was signed into law establishing a Wisconsin housing tax credit program. The housing tax credit program provides a tax incentive for private investment in the development or rehabilitation of affordable rental housing. On May 10, 2024, the Authority announced an award of $7.7 million in state housing tax credits to fund housing developments across Wisconsin. An award of $7.9 million was announced on May 10, 2023.

On July 5, 2023, the State of Wisconsin 2023-25 Biennial Budget allocated $525.0 million in funding for affordable housing development programs to be administered by the Authority. The budget included an allocation of $275.0 million for the Act 14, Residential Housing Infrastructure Loan Program to improve public or private infrastructure. The Act 15, Main Street Housing Rehabilitation Loan Program was funded at $100.0 million for the rehabilitation of the 2nd and 3rd floors of main street commercial buildings. The Commercial-to-Housing Conversion Loan Program of Act 18, was funded with $100.0 million for the purpose of converting vacant commercial buildings into affordable housing. Act 17 approved the allocation of $50.0 million to single family housing rehabilitation grants and loans. These programs were approved on June 22, 2023 and became effective on July 20, 2023. $2.0 million in funds were committed to the affordable housing development programs as of June 30, 2024.

The Authority has, by resolution, established other programs to promote the fulfillment of its objectives and has financed these efforts through appropriations of its General Fund.

# 3. Description of Programs

**Single Family Bond Programs:**
Home Ownership Revenue Bond (HORB) 1987 and 1988 Resolutions include bonds secured by single family mortgage loans and MBS investments. The funds are used to purchase mortgage loans on single family residential housing units for persons and families of low and moderate-income in Wisconsin. The bond proceeds are used to purchase MBS that represent claims to cash flows from pools of single family mortgage loans that are underwritten by the Authority. The bond issues are grouped by bond resolution and each may have different covenants and requirements (Note 6).

The Home Ownership Mortgage Revenue Bond (HOMRB) 2009 Resolution is secured by MBS investments (Note 6). The bond proceeds are used to purchase MBS that represent claims to cash flows from pools of single family mortgage loans that are underwritten by the Authority. MBS in this program total $32.8 million and $37.2 million as of June 30, 2024 and 2023, respectively. Single Family Bonds include HORB and HOMRB Resolutions. HORB Resolutions dated 1987 and 1988, and the HOMRB Resolution dated 2009 are reported separately.

**Housing Revenue Bond Programs:**
Housing Revenue Bonds (HRB) include the 1974 Housing Revenue Bond Resolutions (Note 6). These funds are used to finance the construction, rehabilitation and permanent financing for multifamily rental housing developments generally designed for persons and families of low and moderate-income, the elderly, disabled or special needs persons.

**Multifamily Bond Programs:**
Multifamily Housing Bonds (MHB) include the 2006 and 2010 Multifamily Housing Bond Resolutions (Note 6). The funds are used to finance multifamily mortgage loans for certain eligible projects.

Multifamily Bonds include HRB and MHB Resolutions.

**State of Wisconsin Programs:**
State of Wisconsin programs include the Home Improvement Loan Program and the Wisconsin Development Reserve Fund administered by the Authority. The Home Improvement Loan Program (HILP) provides loans for eligible borrowers to make improvements to owner-occupied properties. No home improvement loans were made through the program for the fiscal years ending June 30, 2024 and 2023, respectively. Outstanding HILP loans total $212,000 and $242,000 as of June 30, 2024 and 2023, respectively. In addition, funds may be used to fund Easy Close Advantage Loan Program for down payment assistance to single family borrowers. $7.0 million and $1.4 million of these down payment assistance loans were outstanding as of June 30, 2024 and 2023, respectively.

The Wisconsin Development Reserve Fund administered for the State of Wisconsin includes the Credit Relief Outreach Program (CROP), the Agribusiness Program, the WHEDA Small Business Guarantee Program (SBG), the Farm Assets Reinvestment Management Program (FARM) and Contractor Assistance, all of which provide loan guarantees and interest rate subsidies on loans. Outstanding guarantees as of June 30, 2024 and 2023 are $783,000 and $754,000 for CROP, $47,000 and $68,000 for Agribusiness, $202,000 and $784,000 for SBG, and $666,000 and $466,000 for FARM, respectively.

**General Fund Programs:**
The General Fund includes the Neighborhood Business Revitalization Guarantee program which was approved in April 2003. This guarantee program will provide up to $12.0 million in loan guarantees for revitalization in targeted urban commercial communities with populations greater than 35,000. As of June 30, 2024, no loan guarantees are outstanding. As of June 30, 2023, $53,000 of loan guarantees were outstanding.

Property Tax Deferral Loans are made to older individuals to pay property taxes. As of June 30, 2024 and 2023, the Property Tax Deferral Loans had outstanding balances of $757,000 and $746,000, respectively.

In December 2004, the Authority created a loan program called Construction Plus. This program provides financing for up to 90% of the development costs of rental housing properties for families, elderly, disabled or special needs persons. As of June 30, 2024 and 2023, the outstanding balance of Construction Plus loans balances were $24.5 million and $18.9 million, respectively.

Easy Close Advantage is a statewide program offering loans in the amount of 6% or the lessor of the purchased price or appraisal value to be used for down payment, closing costs and annual or single paid mortgage insurance premium. As of June 30, 2024 and 2023, the Easy Close Advantage programs had an outstanding balance of $14.3 million and $11.7 million, respectively.

The Authority administers the IRS Federal Housing Tax Credit Program for Wisconsin. This program is part of the Tax Reform Act of 1986. The program was created to encourage production of affordable multifamily rental housing for low-to-moderate income persons. The Federal Housing Tax Credit is a dollar-for-dollar reduction of federal income taxes owed by tax credit investors in qualified projects for tenants whose incomes are at or below 60% of County Median Income (CMI) or up to 80% of CMI when the average CMI of the property does not exceed 60%. The Authority awarded $27.3 million and $15.9 million in federal housing tax credits in the years ended June 30, 2024 and 2023, respectively.

The Authority administers Section 8 subsidized housing programs under the U.S. Department of Housing and Urban Development. Funds administered for the Section 8 New Construction and Substantial Rehabilitation and Moderate Rehabilitation programs totaled $959,000 and $1.7 million for the years ended June 30, 2024 and 2023, respectively. The Housing Choice Voucher program funds administered were $19.5 million and $16.7 million for the years ended June 30, 2024 and 2023, respectively.

## 3. Description of Programs (concluded)

The Section 8 Housing Assistance Payments program passed through $208.6 million and $194.5 million of funds from the U.S. Department of Housing and Urban Development (HUD) to recipients for the years ended June 30, 2024 and 2023, respectively.

State Small Business Credit Initiative (SSBCI) was established with the passage of the federal American Rescue Plan Act of 2021 (ARPA) and was intended to make capital more accessible to entrepreneurs and support private financing to small businesses. The U.S. Treasury Department approved Wisconsin's application to participate in SSBCI and the allocation agreement was executed on February 8, 2023. Wisconsin was approved to receive up to $79.1 million, $15.0 million of which will be administered by the Authority on behalf of the Wisconsin Department of Administration for small business lending programs. Based on 10:1 match expectations, these funds were expected to support at least $150.0 million in new lending. As of June 30, 2024 no lending has been administered for these programs.

On June 16, 2011, a non-stock corporation, the Greater Wisconsin Opportunities Fund, Inc. (GWOF) was created to make additional low-income community investments through the State of Wisconsin in qualified active low-income community businesses for the NMTC program. The Authority is the sole member of GWOF. GWOF has been awarded $160.0 million NMTC allocation since April 2013. These awards have been fully allocated and the Authority will not seek future awards through GWOF. On May 10, 2018, another non-stock corporation, Lift Wisconsin, Inc. (Lift) was created to make additional low-income community investments through the State of Wisconsin in qualified active low-income community businesses for the NMTC program. As of June 30, 2024, Lift had not received any allocations of tax credits.

The Authority has established a Preservation Revolving Loan Fund (PRLF) with funding provided by the United States Department of Agriculture (USDA) Rural Development, for the preservation and revitalization of low-income multifamily rental housing throughout rural Wisconsin. The loan fund, which serves populations of 20,000 or less, allows the Authority to allocate loans to rural multifamily developments that integrate low-income rental housing for families and individuals, including elderly persons and persons with disabilities. Loans outstanding in this fund as of June 30, 2024 and 2023 total $4.1 million, respectively.

As of June 30, 2024 and 2023, $40.5 million was encumbered for economic development loans in partnership with financing from commercial and community lenders. Loans are restricted to businesses with less than $35.0 million in gross sales. As of June 30, 2024 and 2023, there were outstanding loan balances of $14.9 million and $15.2 million in this program, respectively.

Since 2013, the Authority has operated the WHEDA Tax Advantage, a Mortgage Credit Certificate Program (MCC). Under this unique program, qualifying home buyers can claim a tax credit of up to $2,000 per year against their federal income tax liability. Eligibility for the credit continues as long as home buyers remain in their home and pay down their original amount of debt. As of June 30, 2024 and June 30, 2023 respectively, $226.6 million and $246.8 million of loans had been issued through this program with accompanying MCC's of $1.2 million and $2.6 million, respectively.

In September of 2016, the Authority was awarded a $5.5 million Capital Magnet Fund Award. The Authority won additional awards of $5.2 million in March of 2018, $3.8 million in February of 2019, $3.4 million in April of 2020, and $7.5 million in December 2022. The Capital Magnet Fund helps low-income families and economically distressed communities by attracting investment for affordable housing and related economic development. The Authority is using the funds to provide down payment and closing cost assistance for single family homebuyers and subordinate financing for qualified multifamily developments. As of June 30, 2024 and June 30, 2023, there were outstanding loan balances of $15.0 million and $12.2 million, respectively in this program.

# 4. Cash, Cash Equivalents and Investments

Cash, Cash Equivalents and Investments of the Authority are comprised of six distinct investment portfolios: 1) the General Fund investment portfolio, 2) the Home Improvement Loan Program investment portfolio, 3) the Wisconsin Development Reserve Fund investment portfolio, 4) the Escrow Fund investment portfolio, 5) the Bond Program investment portfolio, and 6) the Legislative Programs investment portfolio. The Legislative Programs investment portfolio was created in fiscal year 2024 for the State of Wisconsin 2023-25 Biennial Budget allocation of $525.0 million in funding for affordable housing development programs to be administered by the Authority. (Note 3)

Each investment portfolio has its own investment policy, which identifies the permitted investments and asset allocation guidelines. These policies are summarized under the applicable sections below. Depending on the investment portfolio, permitted investments may include (and are subject to minimum credit rating thresholds where applicable): U.S. government securities; U.S. agency securities; municipal bonds and notes; corporate bonds and notes; money market mutual funds; commercial paper; certificates of deposit; repurchase agreements; investment contracts; the State Investment Fund and equity securities within SSBCI.

Cash and Cash Equivalents: The carrying amounts of cash and cash equivalents and investments of the six investment portfolios, which approximate fair value, as of June 30, 2024 and 2023 were as follows (in thousands of dollars):

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Fair Value | Amortized Cost | Fair Value | Amortized Cost |
| Cash | 56,117 | 56,117 | 46,594 | 46,594 |
| Money Market Mutual Funds | 1,208,124 | 1,208,124 | 529,178 | 529,178 |
| Total Cash and Cash Equivalents | 1,264,241 | 1,264,241 | 575,772 | 575,772 |
| Certificates of Deposit | - | - | 250 | 250 |
| U.S. Agency Securities | 10 | 10 | 17 | 17 |
| Mortgage-Backed Securities | 1,375,282 | 1,519,450 | 998,737 | 1,116,976 |
| Collateralized Investment Contracts | 849 | 849 | 849 | 849 |
| Non-Collateralized Investment Contracts | 120,864 | 120,864 | 185,215 | 185,215 |
| Equity Securities | 1,002 | 1,002 | 1,258 | 1,258 |
| Total Investments | 1,498,007 | 1,642,175 | 1,186,326 | 1,304,565 |
| Total Cash and Cash Equivalents and Investments | 2,762,248 | 2,906,416 | 1,762,098 | 1,880,337 |

As of June 30, 2024 and 2023, the Authority had cash bank balances totaling $56.2 million and $46.4 million, respectively, of which $250,000 was covered by depository insurance in both years, and the remaining balance was uninsured and uncollateralized. Cash deposits are not included in the investment portfolio summaries that follow. Money market mutual funds are included in the investment totals of the investment portfolio summaries that follow.

According to GASB Statement No. 72, Fair Value Measurement Application, the Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 are valued using quoted prices in active markets for identical assets; Level 2 are valued using significant other observable inputs; Level 3 are valued using significant unobservable inputs. The fair value measurements as of June 30, 2024 and 2023 were as follows (in thousands of dollars):

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| Investments by Fair Value Level | 2024 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt Securities: | | | | |
| U.S. Agency Securities | 10 | -- | 10 | -- |
| Collateralized Debt Obligations | 849 | -- | 849 | -- |
| Non-Collateralized Debt Obligations | 120,864 | -- | 120,864 | -- |
| Mortgage-Backed Securities | 1,375,282 | 110,847 | 1,264,435 | -- |
| Total Debt Securities | 1,497,005 | 110,847 | 1,386,158 | -- |
| Equity Securities | 1,002 | -- | -- | 1,002 |
| Total Investments by Fair Value Level | 1,498,007 | 110,847 | 1,386,158 | 1,002 |

# 4. Cash, Cash Equivalents and Investments (continued)

| Investments by Fair Value Level | 2023 | Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Debt Securities: | | | | |
| U.S. Agency Securities | 17 | -- | 17 | -- |
| Collateralized Debt Obligations | 849 | -- | 849 | -- |
| Non-Collateralized Debt Obligations | 185,215 | -- | 185,215 | -- |
| Mortgage-Backed Securities | 998,737 | 34,832 | 963,905 | -- |
| Total Debt Securities | 1,184,818 | 34,832 | 1,149,986 | -- |
| Equity Securities | 1,258 | -- | -- | 1,258 |
| Total Investments by Fair Value Level | 1,186,076 | 34,832 | 1,149,986 | 1,258 |

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Equity securities classified in Level 3 of the fair value hierarchy are valued using various unobservable outputs, including but not limited to loan value, equity interest and business performance information. Venture capital investments are valued at par.

**General Fund Investment Portfolio:**
As of June 30, 2024, the Authority had the following investments and maturities covered by the General Fund Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 105,714 | 105,714 | -- | -- | -- |
| Mortgage-Backed Securities | 51,214 | -- | -- | -- | 51,214 |
| Corporate Securities: | | | | | |
| Equity | 1,002 | -- | -- | 1,002 | -- |
| General Fund Investments | 157,930 | 105,714 | -- | 1,002 | 51,214 |

As of June 30, 2023, the Authority had the following investments and maturities covered by the General Fund Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 185,353 | 185,353 | -- | -- | -- |
| Corporate Securities: | | | | | |
| Equity | 1,258 | -- | 1,258 | -- | -- |
| General Fund Investments | 186,611 | 185,353 | 1,258 | -- | -- |

The portfolio also has $150,000 in certificates of deposits that are not subject to interest rate risk.

Interest Rate Risk: Investment maturity and projected call dates are expected to coincide with the General Fund obligations. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds in excess of those required to meet the anticipated obligations. Based upon current consideration for each of these factors, investments in the General Fund portfolio may have maturities ranging up to 30 years.

# 4. Cash, Cash Equivalents and Investments (continued)

Credit Risk: The Authority's policy allows investments of the General Fund in the following:

Money market mutual funds are limited to AAA rated funds and non-rated funds with portfolios restricted to only those investments specifically authorized by the investment policy. Money market mutual funds are regulated by the Securities & Exchange Commission and have a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads. The Authority invests in money market mutual funds whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The Authority may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. As of June 30, 2024 and 2023, the Authority invested only in AAA rated money market mutual funds. Money market mutual funds totaled 66.9% and 99.3%, respectively, of the General Fund portfolio; which is 44.6% and 30.8%, respectively, of the entire Authority portfolio.

Certificates of Deposit (CDs) purchased as part of the Authority's minority banking participation cannot exceed $500,000 per financial institution due to federal insurance coverage. CDs issued by financial institutions insured by the FDIC are permitted in amounts up to $250,000. The Authority had no outstanding CD's and $150,000 in CD's in the General Fund as of June 30, 2024 and June 30, 2023, respectively.

U.S. Government Securities include but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips. As of June 30, 2024 and 2023, the U.S. Government Securities were rated AA+ by Standard and Poor's (S&P) and Aaa by Moody's Investors Services (Moody's).

U.S. Agency Securities include but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac or FHLMC), Federal National Mortgage Association (Fannie Mae or FNMA), Federal Agricultural Mortgage Corporation (Farmer Mac) and Government National Mortgage Association (Ginnie Mae or GNMA). As of June 30, 2024 and 2023, the U.S. Agency Securities were rated AA+ by S&P and Aaa by Moody's.

Municipal Bonds and Notes are limited to obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Corporate Bonds and Notes are limited to U.S. domestic corporations having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Mortgage-Backed Securities are guaranteed by Fannie Mae and backed by pools of mortgage loans. While the securities carry the guaranty of Fannie Mae, they do not carry explicit credit ratings from S&P or Moody's.

Repurchase Agreements/Collateralized Investment Contracts are collateralized at 102% or better with a defined termination date and secured by U.S. Government Securities and U.S. Agency Securities.

Commercial Paper is limited to "prime" quality obligations with a stated maturity of 270 days or less from the date of its issuance, having at time of purchase the highest short-term program credit rating as provided for by at least one nationally recognized rating service.

Equity securities are restricted to Limited Partnerships as authorized under the SSBCI Program, agreements with the Wisconsin Department of Administration and program parameters as approved by the Members of the Authority.

Bankers Acceptances must have a stated maturity of 180 days or less from the date of issuance, have the highest short-term credit rating as provided for by at least one nationally recognized rating service, be drawn on and accepted by U.S. commercial banks and be eligible for purchase by the Federal Reserve Bank.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2024 and 2023.

Concentration of Credit Risk: No less than 50% of the total portfolio value will be invested in U.S. Government Securities, U.S. Agency Securities and Money Market Mutual Funds. For funds not invested in U.S. Government Securities, U.S. Agency Securities or Money Market Mutual Funds, no more than 5% of the total portfolio market value can be invested with any issuer or secured by one guarantor. No more than 15% of the total portfolio's market value will be invested in any one municipal or industry sector. As of June 30, 2024 the portfolio was in compliance with this requirement.

Foreign Currency Risk: The General Fund Investment Policy requires investments only in securities traded in U.S. dollars.

# 4. Cash, Cash Equivalents and Investments (continued)

**Home Improvement Loan Fund Investment Portfolio:**
As of June 30, 2024, the Authority had the following investments and maturities covered by the Home Improvement Loan Fund Investment Policy, relating to the Home Improvement Loan Program (in thousands of dollars):

| | | Investment Maturities (In Years) | | |
|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 - 10 |
| Money Market Mutual Funds | 5,703 | 5,703 | -- | -- |
| Home Improvement Loan Fund Investments | 5,703 | 5,703 | -- | -- |

As of June 30, 2023, the Authority had the following investments and maturities covered by the Home Improvement Loan Fund Investment Policy, relating to the Home Improvement Loan Program (in thousands of dollars):

| | | Investment Maturities (In Years) | | |
|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 - 10 |
| Money Market Mutual Funds | 10,664 | 10,664 | -- | -- |
| Home Improvement Loan Fund Investments | 10,664 | 10,664 | -- | -- |

Interest Rate Risk: Investment maturity dates or projected call dates are expected to coincide with the cash flow obligations and matched funding analyses, associated with a five-year projection period. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds in excess of those required to meet the five-year projected cash flow obligations. Based upon current consideration for each of these factors, investments in the Home Improvement Loan Fund portfolio may have maturities ranging up to 10 years.

Credit Risk: It is the Authority's policy to limit investments in the Home Improvement Loan Fund to the following:

Money market mutual funds are limited to AAA rated funds and non-rated funds with portfolios restricted to only those investments specifically authorized by the policy. Money market mutual funds are regulated by the Securities & Exchange Commission and have a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads. The Authority invests in money market mutual funds whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The Authority may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. As of June 30, 2024 and 2023, the Authority invested only in AAA rated money market mutual funds and 100% of the Home Improvement Loan Program portfolio was invested in money market mutual funds.

Certificates of Deposit issued by financial institutions insured by the FDIC are permitted in amounts up to $250,000.

U.S. Government Securities include but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips.

U.S. Agency Securities include but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Freddie Mac, Fannie Mae, Farmer Mac, and Ginnie Mae.

Municipal Bonds and Notes are limited to obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Corporate Bonds and Notes are limited to U.S. domestic corporations having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Repurchase Agreements/Collateralized Investment Contracts are collateralized at 102% or better with a defined termination date and secured by U.S. Government Securities and U.S. Agency Securities.

Commercial Paper is limited to "prime" quality obligations with a stated maturity of 270 days or less from the date of its issuance, having at time of purchase the highest short-term program credit rating as provided for by at least one nationally recognized rating service.

Bankers Acceptances must have a stated maturity of 180 days or less from the date of issuance, have the highest short-term credit rating as provided for by at least one nationally recognized rating service, be drawn on and accepted by U.S. commercial banks and be eligible for purchase by the Federal Reserve Bank.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2024 and 2023.

Concentration of Credit Risk: No less than 60% of the total portfolio value will be invested in U.S. Government Securities, U.S. Agency Securities and Money Market Mutual Funds. For funds not invested in U.S. Government Securities, U.S. Agency Securities or Money Market Mutual Funds, no more than $500,000 can be invested with any issuer or secured by one guarantor. No more than 15% of the total portfolio's market value will be invested in any one municipal or industry sector. As of June 30, 2024, the portfolio was in compliance with this requirement.

# 4. Cash, Cash Equivalents and Investments (continued)

Foreign Currency Risk: The Home Improvement Loan Investment Policy requires investments only in securities traded in U.S. dollars.

**Wisconsin Development Reserve Fund Investment Portfolio:**
As of June 30, 2024, the Authority had the following investments and maturities covered by the Wisconsin Development Reserve Fund Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | |
|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 - 10 |
| Money Market Mutual Funds | 8,124 | 8,124 | -- | -- |
| Wisconsin Development Reserve Fund Investments | 8,124 | 8,124 | -- | -- |

As of June 30, 2023, the Authority had the following investments and maturities covered by the Wisconsin Development Reserve Fund Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | |
|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 - 10 |
| Money Market Mutual Funds | 7,724 | 7,724 | -- | -- |
| Wisconsin Development Reserve Fund Investments | 7,724 | 7,724 | -- | -- |

Interest Rate Risk: Investment maturity and projected call dates are expected to coincide with the cash flow obligations and matched funding analyses associated with a five-year projection period. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds in excess of those required to meet the five-year projected cash flow obligations. Based upon current consideration for each of these factors, no investment in the Wisconsin Development Reserve Fund portfolio will mature in more than 10 years.

Credit Risk: It is the Authority's policy to allow investments of the Wisconsin Development Reserve Fund in the following:

Money market mutual funds are limited to AAA rated funds and non-rated funds with portfolios restricted to only those investments specifically authorized by the policy. Money market mutual funds are regulated by the Securities & Exchange Commission and have a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads. The Authority invests in money market mutual funds whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The Authority may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. As of June 30, 2024 and 2023, the Authority invested only in AAA rated money market mutual funds, 100% of the Wisconsin Development Reserve Fund portfolio was invested in money market mutual funds in both fiscal years.

Certificates of Deposit issued by financial institutions insured by the FDIC are permitted in amounts up to $250,000.

U.S. Government Securities include but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips.

U.S. Agency Securities include but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Freddie Mac, Fannie Mae, Farmer Mac, and Ginnie Mae.

Municipal Bonds and Notes are limited to obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Corporate Bonds and Notes are limited to U.S. domestic corporations having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Repurchase Agreements/Collateralized Investment Contracts are collateralized at 102% or better with a defined termination date and secured by U.S. Government Securities and U.S. Agency Securities.

Commercial Paper is limited to "prime" quality obligations with a stated maturity of 270 days or less from the date of its issuance, having at time of purchase the highest short-term program credit rating as provided for by at least one nationally recognized rating service.

Bankers Acceptances must have a stated maturity of 180 days or less from the date of issuance, have the highest short-term credit rating as provided for by at least one nationally recognized rating service, be drawn on and accepted by U.S. commercial banks and be eligible for purchase by the Federal Reserve Bank.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2024 and 2023.

# 4. Cash, Cash Equivalents and Investments (continued)

Concentration of Credit Risk: No less than 60% of the total portfolio value will be invested in U.S. Government Securities, U.S. Agency Securities and Money Market Mutual Funds. For funds not invested in U.S. Government Securities, U.S. Agency Securities or Money Market Mutual Funds, no more than 5% of the total portfolio market value can be invested with any issuer or secured by one guarantor. No more than 15% of the total portfolio's market value will be invested in any one municipal or industry sector. As of June 30, 2024, the portfolio was in compliance with this requirement.

Foreign Currency Risk: The Wisconsin Development Reserve Fund Investment Policy requires investments only in securities traded in U.S. dollars.

**Escrow Fund Investment Portfolio:**
As of June 30, 2024, the Authority had the following investments and maturities covered by the Escrow Fund Investment Policy, related to escrow deposits (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 - 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 98,811 | 98,811 | -- | -- | -- |
| Escrow Fund Investments | 98,811 | 98,811 | -- | -- | -- |

As of June 30, 2023, the Authority had the following investments and maturities covered by the Escrow Fund Investment Policy, related to escrow deposits (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 - 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 79,621 | 79,621 | -- | -- | -- |
| Escrow Fund Investments | 79,621 | 79,621 | -- | -- | -- |

The portfolio also has $600,000 in certificates of deposits that are not subject to interest rate risk.

In accordance with provisions of certain escrow agreements related to mortgages outstanding, escrow deposits are to be invested in accordance with the agreements and investment income is to be allocated to the escrow deposits based upon investment results. Investment income of $4.4 million and $2.8 million was allocated to the mortgage escrow deposits for the years ended June 30, 2024 and 2023, respectively, and is included in interest expense in the Statements of Revenues, Expenses and Change in Net Position.

Interest Rate Risk: Investment maturity dates or projected call dates are expected to coincide with the cash flow obligations and matched funding analyses associated with a five-year projection period. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds in excess of those required to meet the five-year projected cash flow obligations. Based upon current consideration for each of these factors, investments in the Escrow Fund portfolio may have maturities ranging up to 30 years.

Credit Risk: It is the Authority's policy to limit investments in the Escrow Fund to the following:

Money market mutual funds are limited to AAA rated funds and non-rated funds with portfolios restricted to only those investments specifically authorized by the policy. Money market mutual funds are regulated by the Securities & Exchange Commission and have a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads. The Authority invests in money market mutual funds whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The Authority may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. As of June 30, 2024 and 2023, the Authority invested only in AAA rated money market mutual funds, and 100% and 99.9%, respectively, of the Escrow Fund portfolio was invested in money market mutual funds.

Certificates of Deposit issued as part of the Bankers' Bank Certificate of Deposit program cannot exceed $500,000 per financial institution and is not to exceed 25% of the total portfolio market value. All other certificates issued by financial institutions insured by the FDIC are permitted in amounts up to $250,000. As of June 30, 2024 and June 30, 2023, $0 and $600,000, respectively, were outstanding.

U.S. Government Securities include but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips.

U.S. Agency Securities include but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Freddie Mac, Fannie Mae, Farmer Mac, and Ginnie Mae.

# 4. Cash, Cash Equivalents and Investments (continued)

Municipal Bonds and Notes limited to obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Corporate Bonds and Notes are limited to U.S. domestic corporations having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

Commercial Paper is limited to “prime” quality obligations with a stated maturity of 270 days or less from the date of its issuance, having at time of purchase the highest short-term program credit rating as provided for by at least one nationally recognized rating service.

Bankers Acceptances must have a stated maturity of 180 days or less from the date of issuance, have the highest short-term credit rating as provided for by at least one nationally recognized rating service, be drawn on and accepted by U.S. commercial banks and be eligible for purchase by the Federal Reserve Bank.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2024 and 2023.

Concentration of Credit Risk: No less than 60% of the total portfolio value will be invested in U.S. Government Securities, U.S. Agency Securities and Money Market Mutual Funds. For funds not invested in U.S. Government Securities, U.S. Agency Securities or Money Market Mutual Funds, no more than 5% of the total portfolio market value can be invested with any issuer or secured by one guarantor. No more than 10% of the total portfolio’s market value will be invested in any one municipal or industry sector, and no more than 25% of the portfolio’s market value will be invested in bank certificates of deposit. As of June 30, 2024 the portfolio was in compliance with this requirement.

Foreign Currency Risk: The Escrow Fund Investment Policy requires investments only in securities traded in U.S. dollars.

**Bond Programs Investment Portfolio:**
As of June 30, 2024, the Authority had the following investments and maturities covered by the HORB, HRB and MHB Bond Programs Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 - 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 449,000 | 449,000 | -- | -- | -- |
| U.S. Agency Securities | 10 | -- | 10 | -- | -- |
| Mortgage-backed Securities | 1,324,068 | -- | -- | -- | 1,324,068 |
| Collateralized Investment Contracts | 849 | -- | -- | -- | 849 |
| Non-collateralized Investment Contracts | 120,864 | -- | 120,864 | -- | -- |
| Bond Program Investments | 1,894,791 | 449,000 | 120,874 | -- | 1,324,917 |

As of June 30, 2023, the Authority had the following investments and maturities covered by the HORB, HRB and MHB Bond Programs Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | | |
|---|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 - 5 | 6 – 10 | More than 10 |
| Money Market Mutual Funds | 245,816 | 245,816 | -- | -- | -- |
| U.S. Agency Securities | 17 | -- | -- | 17 | -- |
| Mortgage-backed Securities | 998,737 | -- | -- | -- | 998,737 |
| Collateralized Investment Contracts | 849 | -- | -- | -- | 849 |
| Non-collateralized Investment Contracts | 185,215 | 53,342 | 131,873 | -- | -- |
| Bond Program Investments | 1,430,634 | 299,158 | 131,873 | 17 | 999,586 |

Interest Rate Risk: Investment maturities will coincide with the anticipated debt service payment dates and cash flow obligations associated with the life of the bonds. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds in excess of those required to meet the projected cash flow obligations. No investment will mature after the final bond maturity of the issue.

Credit Risk: It is the Authority’s policy to allow investments of the HORB, HRB and MHB Bond Programs which are acceptable to each rating agency currently rating the General Resolution. Such investments include but are not limited to the following:

# 4. Cash, Cash Equivalents and Investments (continued)

Money market mutual funds are limited to AAA rated funds and non-rated funds with portfolios restricted to only those investments specifically authorized by the investment policy. Money market mutual funds are regulated by the Securities & Exchange Commission and have a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads. The Authority invests in money market mutual funds whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The Authority may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund. As of June 30, 2024 and 2023, the Authority invested only in AAA rated money market mutual funds. Money market mutual funds totaled 23.7% and 17.2%, respectively, of the Bond Programs Investment portfolio.

U.S. Government Securities include but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips. As of June 30, 2024 and 2023, the U.S. Government Securities were rated AA+ by S&P and Aaa by Moody's.

U.S. Agency Securities include but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Freddie Mac, Fannie Mae, Farmer Mac, and Ginnie Mae. As of June 30, 2024 and 2023, the U.S. Agency Securities were rated AA+ by S&P and Aaa by Moody's.

Mortgage-Backed Securities are guaranteed by Fannie Mae and backed by pools of mortgage loans issued by the Authority. While the securities carry the guaranty of Fannie Mae, they do not carry explicit credit ratings from S&P or Moody's.

Repurchase Agreements/Collateralized Investment Contracts collateralized at 102% or better with a defined termination date not to exceed the maturity of the Bonds and secured by permitted investments as allowed by the General Resolution. Only contract providers acceptable to the rating agency(s) currently rating the General Resolution will be used. Individual investment contracts are not rated.

Investment Contracts/Uncollateralized Investment Contracts with uncollateralized investment contracts being limited to a defined termination date not to exceed 42 months. Only contract providers acceptable to the rating agency(s) currently rating the General Resolution will be used. Individual investment contracts are not rated.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2024 and 2023.

Concentration of Credit Risk: The investment policy allows investments as outlined in the applicable general resolution. As of June 30, 2024 and 2023, the bond portfolios were in compliance with this requirement. As of June 30, 2024, 100% of mortgage-backed securities held by the Authority are issued by Fannie Mae.

Foreign Currency Risk: It is the Authority's policy to allow transactions traded in currencies acceptable to each rating agency currently rating the General Resolution.

Portions of cash, cash equivalents and investments are restricted and pledged to the payment of the principal, interest and sinking fund installments in accordance with the terms of the bond resolutions and note agreements.

**Legislative Programs Investment Portfolio:**
As of June 30, 2024, the Authority had the following investments and maturities covered by the Legislative Programs Investment Policy (in thousands of dollars):

| | | Investment Maturities (In Years) | | |
|---|---|---|---|---|
| Investment Type: | Fair Value | Less than 1 | 1 – 5 | 6 - 10 |
| Money Market Mutual Funds | 540,772 | 540,772 | -- | -- |
| Fund Investments | 540,772 | 540,772 | -- | -- |

Interest Rate Risk: Investment maturity dates or projected call dates will coincide with the cashflow obligations, funding expectations and an appropriate liquidity reserve to meet short- and intermediate-term cash needs. Market conditions, rates of return, interest rate spreads within and across asset classes, and other factors will influence maturity selection for all funds invested over a long-term time horizon. Based upon current consideration for each of these factors, no investment in the Fund portfolio will mature in more than 10 years.

Credit Risk: It is the Authority's policy to allow investments of the Legislative Programs in the following:

Money market mutual funds ("Funds") are limited to Funds with portfolios restricted to only those investments specifically authorized by this Policy, regulated by the Securities & Exchange Commission, with a dollar weighted-average portfolio maturity of 90 days or less that fully invest dollar-for-dollar all Funds without sales commissions or loads and, whose investment objectives include seeking to maintain a stable net asset value of $1 per share. As of June 30, 2024, the Authority invested only in AAA rated money market mutual funds, 100% of the Fund portfolio was invested in money market mutual funds.

Certificates of Deposit issued by financial institutions insured by the FDIC are permitted in amounts up to $250,000.

U.S. Government Securities include but are not limited to Treasury Bills, Treasury Notes, Treasury Bonds, and Treasury Strips.

# 4. Cash, Cash Equivalents and Investments (concluded)

U.S. Agency Securities include but are not limited to the following issuers: Federal Farm Credit System, Federal Home Loan Bank System, Freddie Mac, Fannie Mae, Farmer Mac, and Ginnie Mae.

Municipal Bonds and Notes are limited to obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than the AA category or its equivalent as to investment quality by two or more nationally recognized investment rating firms.

The State Investment Fund (SIF), The Local Government Investment Pool is combined with the excess cash of the State of Wisconsin and its Agencies and the excess cash of the retirement funds invested by the State of Wisconsin Investment Board and is managed as one fund called the State Investment Fund (SIF) by the Investment Board. The Board invests in obligations of the U.S. Treasury and its Agencies, commercial paper of financial and industrial corporations, bank certificates of deposit, banker's acceptances, asset-backed securities, mortgage-backed securities, and repurchase agreements secured by the U.S. Government or its Agencies and other instruments authorized under the State Investment Fund Investment Guidelines.

The Authority was in compliance with all applicable credit risk policies as of June 30, 2024.

Concentration of Credit Risk: No less than 60% of the total portfolio value will be invested in U.S. Government Securities, U.S. Agency Securities and Money Market Mutual Funds. For funds not invested in U.S. Government Securities, U.S. Agency Securities or Money Market Mutual Funds, no more than 5% of the total portfolio market value can be invested with any issuer or secured by one guarantor. No more than 15% of the total portfolio's market value will be invested in any one municipal or industry sector. As of June 30, 2024, the portfolio was in compliance with this requirement.

Foreign Currency Risk: The Fund Investment Policy requires investments only in securities traded in U.S. dollars.

The asset restrictions at June 30, 2024 and 2023 are as follows (in thousands of dollars):

| | 2024 | 2023 |
|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | |
| 1987 | 11,530 | 12,691 |
| 1988 | 16,072 | 5,508 |
| Housing Revenue Bonds | 73,629 | 74,101 |
| Total Cash, Cash Equivalents and Investments | 101,231 | 92,300 |

Cash, cash equivalents and investments of the funds at June 30, 2024 and 2023 met or exceeded the liquidity requirements of the bond resolutions and note agreements.

# 5. Mortgage Loans

Mortgage loans provide for monthly receipts of principal and interest for terms of 10 to 30 years for Home Ownership Revenue Bonds and Home Ownership Mortgage Revenue Bonds mortgage loans (together referred to as Single Family Bonds); terms of 1 to 40 years for Housing Revenue Bonds and Multifamily Housing Bonds mortgage loans (together referred to as Multifamily Bonds); terms of 1 to 15 years for State of Wisconsin Programs' mortgage loans; and terms of 1 to 40 years for the General Fund's mortgage loans.

Home Ownership Revenue Bonds and Multifamily Housing Bonds and Housing Revenue Bonds are collateralized with a combination of first and second mortgage liens and MBS. Home Ownership Mortgage Revenue Bonds will be collateralized by only MBS guaranteed as to timely payment of principal and interest by Ginnie Mae, Fannie Mae, or Freddie Mac.

State of Wisconsin Programs are collateralized by second mortgage liens and the General Fund is collateralized primarily by first or second mortgage liens on multifamily developments and single family homes. Also, the General Fund includes Participation Lending Loans which are collateralized by subordinate liens considered on a case by case basis. The collateral coverage for these loans will be the minimum of 110% of market value and 80% of liquidation value.

Mortgages made from the proceeds from Home Ownership Revenue Bonds were initially insured by mortgage pool insurance. Once the bonds retire, mortgages may become self-insured or mortgage pool insurance is retained.

The Authority participates in the Fannie Mae and Ginnie Mae Mortgage-backed Securities (MBS) program. Through the MBS program, Fannie Mae and Ginnie Mae guarantee securities that are backed by pools of mortgage loans originated by the Authority (Note 4). The Authority purchases the securities and receives a fee for servicing the pass-through of principal and interest payments on the pool of mortgage loans, less amounts required to cover guaranty fees. As of June 30, 2024 and 2023, the Authority had $98.7 million and $51.9 million of loans held for sale.

## 5. Mortgage Loans (concluded)

Mortgage loans receivable bear interest at the following annual rates:

| | |
|---|---|
| Home Ownership Revenue Bonds | 0% - 11.00% |
| Multifamily Bonds | 0% - 7.50% |
| State of Wisconsin Programs | 0% - 8.625% |
| General Fund | 0% - 9.75% |

Mortgage loan information at June 30, 2024 and 2023 is as follows (in thousands of dollars):

| | Mortgage Loan Balances | Allowance for Loan Losses | Real Estate Held | Net Mortgage Loan Balances |
|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | |
| 1987 | 61,118 | (568) | -- | 60,550 |
| 1988 | 80,245 | (1,201) | 52 | 79,096 |
| Housing Revenue Bonds | 842,339 | (16,033) | -- | 826,306 |
| Multifamily Housing Bonds | 70,649 | (3,252) | -- | 67,397 |
| State of Wisconsin Programs | 7,218 | (321) | 1 | 6,898 |
| General Fund | 284,548 | (12,842) | 816 | 272,522 |
| Total as of June 30, 2024 | 1,346,117 | (34,217) | 869 | 1,312,769 |

| | Mortgage Loan Balances | Allowance for Loan Losses | Real Estate Held | Net Mortgage Loan Balances |
|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | |
| 1987 | 70,533 | (575) | 2 | 69,960 |
| 1988 | 93,571 | (1,250) | 14 | 92,335 |
| Housing Revenue Bonds | 799,509 | (13,960) | -- | 785,549 |
| Multifamily Housing Bonds | 72,714 | (3,251) | -- | 69,463 |
| State of Wisconsin Programs | 1,628 | (323) | 3 | 1,308 |
| General Fund | 228,335 | (12,414) | 355 | 216,276 |
| Total as of June 30, 2023 | 1,266,290 | (31,773) | 374 | 1,234,891 |

Activity in the allowance for loan losses included provisions charged to expense of $2.7 million and $4.3 million for the years ended June 30, 2024 and 2023, respectively. Activity in the allowance for loan losses also included actual loan charge offs of $215,000 and $301,000 for the years ended June 30, 2024 and 2023, respectively.

In addition, the Authority serviced $2.1 billion and $1.7 billion in loans as of June 30, 2024 and 2023, respectively. These loans are serviced by the Authority for the benefit of others, for which the Authority collects a fee.

At June 30, 2024, the Authority was committed to fund mortgage loans approximating the following amounts (in millions of dollars):

| | |
|---|---|
| Home Ownership Revenue Bonds | $ -- |
| Multifamily Bonds | $198.5 |
| State of Wisconsin Programs | $2.0 |
| General Fund | $118.9 |

In response to the COVID-19 pandemic, WHEDA developed programs for borrowers who are experiencing business and personal disruptions due to the COVID-19 pandemic pursuant to which the Authority may provide loan payment deferrals or interest-only modifications. In accordance with interagency regulatory guidance and the CARES Act, qualifying loans modified in response to the COVID-19 pandemic will not be considered troubled debt restructurings. The closed loan modifications in response to the COVID-19 pandemic for the Home Ownership Revenue Bonds program was $2.4 million and $3.7 million as of June 30, 2024 and 2023, respectively.

## 6. Bonds and Notes Payable

Bonds and notes payable of the Authority at June 30, 2024 and 2023 consist of the following (in thousands of dollars):

| | 2024 | 2023 |
|---|---|---|
| Bonds and Notes | 2,411,027 | 1,953,130 |
| Premium/Discount on Bonds | 20,670 | 13,394 |
| Total Bonds and Notes Payable | 2,431,697 | 1,966,524 |

Bonds and notes payable of the Authority increased/decreased since June 30, 2022 as follows (in thousands of dollars):

| | 2022 | Increase | (Decrease) | 2023 | Increase | (Decrease) | 2024 |
|---|---|---|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | | | | |
| 1987 | 620,805 | 75,000 | (62,095) | 633,710 | -- | (57,835) | 575,875 |
| 1988 | 334,860 | -- | (60,440) | 274,420 | 565,000 | (36,480) | 802,940 |
| Home Ownership Mortgage Revenue Bonds | 39,909 | -- | (4,961) | 34,948 | -- | (3,685) | 31,263 |
| Housing Revenue Bonds | 727,020 | 225,495 | (78,530) | 873,985 | 92,600 | (97,745) | 868,840 |
| Multifamily Housing Bonds | 74,957 | -- | (1,959) | 72,998 | -- | (2,036) | 70,962 |
| General Fund | 72,709 | 27,575 | (37,215) | 63,069 | 106,606 | (108,528) | 61,147 |
| Premium/Discount on Bonds | 16,640 | 1,624 | (4,870) | 13,394 | 11,684 | (4,408) | 20,670 |
| Total Bonds and Notes Payable | 1,886,900 | 329,694 | (250,070) | 1,966,524 | 775,890 | (310,717) | 2,431,697 |

Interest on the outstanding general and special obligation bonds is payable monthly, quarterly or semiannually.

The Authority's bonds and notes are collateralized by the revenues and assets of the Authority, subject to the provision of bond resolutions and note agreements which pledge particular revenues or assets to specific bonds or notes. Any particular series may contain both term bonds, subject to mandatory sinking fund requirements, and serial bonds which mature at various dates. The bonds may be redeemed at the Authority's option at various dates. The lines of credit can be prepaid in part or in full at any time.

Bonds and Notes Payable (in thousands of dollars):

| Program/Bond Resolution | | Interest Rates* | Dated** | Maturities* | 2024 | 2023 |
|---|---|---|---|---|---|---|
| Housing Revenue Bond | | | | | | |
| 1974 | 2003 Series C | 5.00% - 5.25% | 12/23/03 | 2023-2043 | -- | 690 |
| | 2005 Series F | Variable | 12/14/05 | 2030 | 52,360 | 59,020 |
| | 2006 Series A and B | 4.55% - 4.625% | 12/14/06 | 2027-2037 | 3,130 | 3,635 |
| | 2007 Series F and G | Variable | 12/19/07 | 2042 | 13,270 | 13,555 |
| | 2009 Series A | Variable | 12/30/09 | 2042 | 8,015 | 8,160 |
| | 2010 Series A and B | 4.875% - 5.625% | 12/22/10 | 2025-2035 | 4,350 | 9,935 |
| | 2012 Series A and B | Variable | 01/27/12 | 2055 | 46,535 | 47,390 |
| | 2013 Series ABC | 3.30% - 4.25% | 06/26/13 | 2024-2037 | 1,075 | 1,130 |
| | 2015 Series ABC | 2.75% - 4.25% | 11/30/15 | 2024-2052 | 32,135 | 35,985 |
| | 2016 Series A | 2.90% - 4.50% | 12/22/16 | 2024-2054 | 13,725 | 14,065 |
| | 2017 Series AB | 2.45% - 4.15% | 12/21/17 | 2024-2055 | 68,925 | 70,235 |
| | 2017 Series C | Variable | 12/21/17 | 2046 | 11,200 | 14,255 |
| | 2018 Series ABC | 2.65% - 4.45% | 12/20/18 | 2024-2057 | 64,955 | 65,605 |
| | 2019 Series A | 1.70% - 3.375% | 12/04/19 | 2024-2057 | 55,110 | 55,865 |
| | 2021 Series AB | 0.45% - 2.75% | 05/18/21 | 2024-2059 | 105,270 | 154,455 |
| | 2021 Series C | 0.70% - 3.00% | 12/15/21 | 2024-2059 | 81,475 | 94,510 |
| | 2022 Series AB | 3.30% - 5.15% | 10/26/22 | 2024-2053 | 69,675 | 80,460 |
| | 2022 Series C | Variable | 10/26/22 | 2060 | 14,000 | 14,000 |
| | 2023 Series AB | 3.30% - 4.95% | 06/28/23 | 2026-2057 | 121,035 | 121,035 |
| | 2023 Series C | Variable | 06/28/23 | 2061 | 10,000 | 10,000 |
| | 2023 Series DE | 3.55% - 5.00% | 12/19/23 | 2026-2057 | 82,600 | -- |
| | 2023 Series F | Variable | 12/19/23 | 2061 | 10,000 | -- |
| Total Housing Revenue Bonds 1974 | | | | | 868,840 | 873,985 |

# 6. Bonds and Notes Payable (continued)

| Program/Bond Resolution | Interest Rates* | Dated** | Maturities* | 2024 | 2023 |
|---|---|---|---|---|---|
| Multifamily Housing Bonds | | | | | |
| 2007 Series C | Variable | 08/02/07 | 2048 | 5,310 | 5,410 |
| 2008 Series A and B | Variable | 08/28/08 | 2046 | 11,435 | 11,685 |
| 2009 Series B-1 | Variable | 10/21/11 | 2041 | 3,890 | 4,040 |
| 2009 Series B-2 | Variable | 10/21/11 | 2041 | 28,190 | 29,280 |
| 2014 Series A | 2.90% - 4.05% | 10/30/14 | 2024-2049 | 6,115 | 6,240 |
| 2016 Series C | 2.15% - 3.50% | 06/21/16 | 2024-2053 | 9,150 | 9,290 |
| 2018 Series A | Variable | 05/21/18 | 2049 | 6,872 | 7,053 |
| Total Multifamily Housing Bonds | | | | 70,962 | 72,998 |

| Program/Bond Resolution | Interest Rates* | Dated** | Maturities* | 2024 | 2023 |
|---|---|---|---|---|---|
| Home Ownership Revenue Bonds 1987 | | | | | |
| 2003 Series B | Variable | 07/29/03 | 2034 | 4,565 | 5,175 |
| 2015 Series AB | 2.95% - 4.00% | 09/01/15 | 2024-2045 | 6,400 | 11,665 |
| 2015 Series C | Variable | 09/01/15 | 2031 | 44,205 | 44,205 |
| 2016 Series DE | 2.10% - 3.50% | 10/06/16 | 2024-2046 | 37,455 | 45,160 |
| 2018 Series AB | 2.65% - 4.00% | 03/28/18 | 2024-2048 | 20,300 | 27,685 |
| 2018 Series C | Variable | 03/28/18 | 2039 | 29,670 | 29,670 |
| 2019 Series C | 1.40% - 4.00% | 09/10/19 | 2024-2050 | 63,800 | 71,425 |
| 2020 Series A | 1.60% - 3.50% | 04/29/20 | 2024-2050 | 62,105 | 69,075 |
| 2021 Series A | 0.50% - 3.00% | 06/23/21 | 2024-2052 | 98,460 | 111,940 |
| 2021 Series B | Variable | 06/23/21 | 2041 | 46,845 | 46,845 |
| 2021 Series C | 0.60% - 3.00% | 12/23/21 | 2024-2052 | 63,070 | 69,465 |
| 2021 Series D | Variable | 12/23/21 | 2042 | 26,515 | 26,515 |
| 2022 Series A | 2.40%-5.00% | 09/08/22 | 2024-2053 | 49,985 | 52,385 |
| 2022 Series B | Variable | 09/08/22 | 2047 | 22,500 | 22,500 |
| Total Home Ownership Revenue Bonds 1987 | | | | 575,875 | 633,710 |

| Program/Bond Resolution | Interest Rates* | Dated** | Maturities* | 2024 | 2023 |
|---|---|---|---|---|---|
| Home Ownership Revenue Bonds | | | | | |
| 1988 2003 Series D | Variable | 11/04/03 | 2028 | -- | 2,340 |
| 2004 Series E | Variable | 11/23/04 | 2035 | 6,010 | 7,395 |
| 2006 Series A and B | Variable | 01/19/06 | 2037 | 17,475 | 17,845 |
| 2016 Series AB | 3.50% | 04/27/16 | 2046 | 8,540 | 15,905 |
| 2016 Series C | Variable | 04/27/16 | 2038 | 43,890 | 43,890 |
| 2017 Series BC | 2.25% - 4.00% | 10/24/17 | 2024-2048 | 13,680 | 20,820 |
| 2017 Series D | Variable | 10/24/17 | 2037 | 28,790 | 28,790 |
| 2018 Series D | 4.00% | 09/13/18 | 2047 | 17,835 | 25,365 |
| 2018 Series E | Variable | 09/13/18 | 2039 | 22,715 | 22,715 |
| 2019 Series A | 2.15% - 4.25% | 03/28/19 | 2024-2049 | 29,355 | 39,355 |
| 2019 Series B | Variable | 03/28/19 | 2043 | 50,000 | 50,000 |
| 2023 Series A | 3.25% - 6.00% | 09/12/23 | 2027-2054 | 184,650 | -- |
| 2024 Series A | 3.25% - 6.00% | 02/28/24 | 2027-2054 | 190,000 | -- |
| 2024 Series B | 3.30% - 6.00% | 06/18/24 | 2025-2055 | 190,000 | -- |
| Total Home Ownership Revenue Bonds 1988 | | | | 802,940 | 274,420 |

| Program/Bond Resolution | Interest Rates* | Dated** | Maturities* | 2024 | 2023 |
|---|---|---|---|---|---|
| Home Ownership Mortgage Revenue Bonds | | | | | |
| 2017 Series A | 2.69% | 06/28/17 | 2047 | 31,263 | 34,948 |
| Total Home Ownership Mortgage Revenue Bonds | | | | 31,263 | 34,948 |

| Program/Bond Resolution | Interest Rates* | Dated** | Maturities* | 2024 | 2023 |
|---|---|---|---|---|---|
| General Fund Bonds | | | | | |
| Facilities Bond 2022 Series A | 2.988% | 08/01/22 | 2052 | 19,000 | 20,000 |
| Total General Fund Bonds | | | | 19,000 | 20,000 |

## 6. Bonds and Notes Payable (continued)

| Notes Payable | Interest Rates* | Dated** | Maturities* | 2024 | 2023 |
|---|---|---|---|---|---|
| Line of Credit – Construction Plus | Variable | 10/19/20 | 2024 | 24,465 | 18,130 |
| Line of Credit – Economic Development | 3.50% | 11/30/17 | 2026 | 5,000 | 5,000 |
| Line of Credit – Economic Development | 3.74% | 08/30/17 | 2024 | 5,000 | 5,000 |
| Rural Housing PRLF | 1.00% | 11/03/08 | 2038-2040 | 1,708 | 1,819 |
| Rural Housing PRLF 2019 | 1.00% | 04/10/19 | 2049 | 1,974 | 2,043 |
| Line of Credit – Single Family Loans | Variable | 10/31/18 | 2024 | -- | 7,077 |
| Other | 3.75% | 01/24/01 | 2024 | 4,000 | 4,000 |
| Total Notes Payable | | | | 42,147 | 46,069 |
| Total Bonds and Notes | | | | 2,411,027 | 1,953,130 |

The unused balance on the Construction Plus line of credit was $15.5 million and $21.9 million as of June 30, 2024 and 2023, respectively.

The Authority has $525.3 million in Variable Rate Demand Bonds (VRDB) outstanding. The interest rate on the VRDB is set on a weekly, monthly and quarterly basis. The bondholders may tender the VRDB on specified dates at a price equal to par plus accrued interest.

The Authority's remarketing agents are authorized to use their best efforts to sell the repurchased bonds at par by adjusting the interest rate. The remarketing agent determines the interest rate on each maturity of bonds.

In the event that the VRDB cannot be remarketed, they will be purchased by the counterparties based on the terms of the liquidity agreement. The liquidity agreements are Standby Bond Purchase Agreements or Letters of Credit. The Authority currently has four counterparties. The short-term ratings of the counterparties are A-1 or A-1+ by Standard and Poor's and P-1 by Moody's Investor Service ratings.

No draws under the liquidity agreements are outstanding as of June 30, 2024 and no funds were drawn between July 1, 2023 to June 30, 2024. If a draw occurs, it will accrue interest at the bank's base rate. The bank's base rate is calculated using a prime lending rate or the federal funds rate plus a spread of an agreed-upon minimum rate. If the bonds are not remarketed and a draw remains outstanding for a period of time or a default under the agreement occurs, the interest rate is increased. If the draw remains outstanding for a specified number of days, it may be amortized over a specified period of time (3 to 5 years). If interest on the draws or the required amortization of the draw is not paid, a default will occur.

Each liquidity agreement commitment includes the par amount of the bonds outstanding and accrued interest at the maximum bond rate. The Authority is required to pay an annual commitment fee on each liquidity agreement. The Authority did not pay any up-front commitment fees for the liquidity agreements. Each liquidity agreement includes provisions for extension at the option of the counterparty and the Authority. The expiration dates range from January 2025 to June 2028.

* Interest rates and maturities are as of June 30, 2024.

** Variable Rate Bonds are dated the date of delivery.

Scheduled debt maturities in the five fiscal years subsequent to June 30, 2024 and five year increments thereafter are as follows (in thousands of dollars):

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030-2034 | 2035-2039 |
|---|---|---|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | | | | |
| 1987 | 28,135 | 25,095 | 28,170 | 31,995 | 33,075 | 142,065 | 83,115 |
| 1988 | 12,290 | 10,385 | 9,065 | 9,495 | 13,105 | 103,000 | 161,375 |
| Home Ownership Mortgage Revenue Bonds | -- | -- | -- | -- | -- | -- | -- |
| Housing Revenue Bonds | 31,050 | 17,240 | 18,595 | 19,340 | 20,900 | 74,555 | 92,345 |
| Multifamily Housing Bonds | 1,580 | 1,630 | 1,725 | 1,780 | 1,850 | 10,445 | 12,695 |
| Facilities Bond | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 3,000 | -- |
| General Fund | 33,647 | 184 | 5,186 | 187 | 189 | 975 | 931 |
| Totals | 107,702 | 55,534 | 63,741 | 63,797 | 70,119 | 334,040 | 350,461 |

| | 2040-2044 | 2045-2049 | 2050-2054 | 2055-2059 | 2060-2064 |
|---|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | | |
| 1987 | 78,185 | 88,000 | 38,040 | -- | -- |
| 1988 | 147,965 | 162,260 | 167,410 | 6,590 | -- |
| Home Ownership Mortgage Revenue Bonds | -- | 31,263 | -- | -- | -- |
| Housing Revenue Bonds | 118,295 | 171,565 | 205,085 | 81,685 | 18,185 |
| Multifamily Housing Bonds | 9,325 | 27,547 | 2,385 | -- | -- |
| Facilities Bond | -- | -- | 11,000 | -- | -- |
| General Fund | 414 | 434 | -- | -- | -- |
| Totals | 354,184 | 481,069 | 423,920 | 88,275 | 18,185 |

# 6. Bonds and Notes Payable (concluded)

Using rates as of June 30, 2024, debt service requirements of the Authority's outstanding debt interest payments, assuming current interest rates remain the same for their term as follows (in thousands of dollars). As rates change, variable rate bond interest payments will vary.

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030-2034 | 2035-2039 |
|---|---|---|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | | | | |
| 1987 | 17,402 | 17,122 | 16,590 | 15,873 | 14,999 | 59,846 | 44,189 |
| 1988 | 35,517 | 36,087 | 35,737 | 35,409 | 34,975 | 164,448 | 135,959 |
| Home Ownership Mortgage Revenue Bonds | 841 | 841 | 841 | 841 | 841 | 4,205 | 4,205 |
| Housing Revenue Bonds | 30,491 | 29,866 | 29,156 | 28,394 | 27,555 | 127,506 | 113,581 |
| Multifamily Housing Bonds | 2,381 | 2,347 | 2,306 | 2,263 | 2,215 | 10,304 | 8,788 |
| Facilities Bond | 545 | 515 | 486 | 456 | 426 | 1,756 | 1,643 |
| General Fund | 1,929 | 210 | 121 | 31 | 30 | 118 | 69 |
| Totals | 89,106 | 86,988 | 85,237 | 83,267 | 81,041 | 368,183 | 308,434 |

| | 2040-2044 | 2045-2049 | 2050-2054 | 2055-2059 | 2060-2064 |
|---|---|---|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | | | | |
| 1987 | 29,800 | 15,015 | 32,330 | -- | -- |
| 1988 | 103,907 | 68,994 | 26,404 | 73 | -- |
| Home Ownership Mortgage Revenue Bonds | 4,205 | 2,593 | -- | -- | -- |
| Housing Revenue Bonds | 94,297 | 69,860 | 38,303 | 9,704 | 763 |
| Multifamily Housing Bonds | 7,069 | 4,545 | 187 | -- | -- |
| Facilities Bond | 1,643 | 1,644 | 1,068 | -- | -- |
| General Fund | 34 | 13 | -- | -- | -- |
| Totals | 240,955 | 162,664 | 98,292 | 9,777 | 763 |

During the years ended June 30, 2024 and 2023, the Authority redeemed various outstanding bonds early according to the redemption provisions in the bond resolutions. A summary of all early redemptions follows (in thousands of dollars):

| | 2024 | 2023 |
|---|---|---|
| Home Ownership Revenue Bond Resolutions: | | |
| 1987 | 33,680 | 36,950 |
| 1988 | 29,020 | 47,070 |
| Home Ownership Mortgage Revenue Bonds | 3,685 | 4,961 |
| Housing Revenue Bonds | 90,120 | 64,980 |
| Multifamily Housing Bonds | 530 | 494 |
| Total | 157,035 | 154,455 |

No new bond proceeds were used to redeem existing bonds during the fiscal years 2024 and 2023.

# 7. Derivatives

The Authority has entered into various interest rate swap agreements (swap agreements). The agreements provide the Authority with synthetic fixed interest rates on a portion of its debt. During the term of the swap agreements, the Authority expects to effectively pay a fixed rate on the debt. In return, the counterparty pays interest based on a contractually agreed upon variable rate. The Authority will be exposed to variable rates on the outstanding bonds if the counterparty to the swap defaults, the swap is terminated such that the bonds outstanding is greater than the swap notional value, or the effective interest rate, determined by the remarketing agent used for bond holder payments, increases over the variable rate index used for calculating the interest received from the counterparty. All interest rate swap agreements at June 30, 2024 and 2023 were classified as effective cash flow hedges, per GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". The fair value, or swap termination market value, is reported on the Statements of Net Position of the Authority.

## 7. Derivatives (continued)

The following table outlines information related to agreements in place as of June 30, 2024 and 2023 (in thousands of dollars):

| Program and Bond Issue | Notional Value at 6/30/24 | Effective Date | Swap Termination Date | Counterparty Credit Rating | Fixed Rate Paid | Variable Rate/Index Received[4] [5][6] | Swap Termination Market Value at 06/30/24 | Swap Termination Market Value at 06/30/23 | Change in Fair Value |
|---|---|---|---|---|---|---|---|---|---|
| HRB[1] | | | | | | | | | |
| 2005 Series F | 33,670 | 01/17/2006 | 11/01/2030 | A+/Aa1 | 5.21% | 1-Month Fallback SOFR | (1,071) | (1,628) | 557 |
| 2007 Series F | 9,010 | 12/19/2007 | 11/01/2025 | A+/Aa1 | 4.01% | SIFMA + 6 Basis Points | (62) | (135) | 73 |
| 2007 Series G | 4,260 | 12/19/2007 | 11/01/2025 | A+/Aa1 | 4.01% | SIFMA + 6 Basis Points | (29) | (64) | 35 |
| 2022 Series C | 14,000 | 10/26/2022 | 05/01/2060 | A+/Aa1 | 3.36% | 70% of 1 Month SOFR + 10 Basis Points | 132 | (442) | 574 |
| 2023 Series C | 10,000 | 06/28/2023 | 11/01/2061 | A+/Aa1 | 3.15% | 70% of 1 Month SOFR + 10 Basis Points | 360 | (65) | 425 |
| 2023 Series F | 10,000 | 12/19/2023 | 05/01/2061 | A+/Aa1 | 3.26% | 68% of 1 Month SOFR + 10 Basis Points | 75 | -- | 75 |
| | | Total HRB Swap Termination Market Value | | | | | (595) | (2,334) | 1,739 |
| MHB[2] | | | | | | | | | |
| 2007 Series C | 5,310 | 08/02/2007 | 09/01/2024 | A+/Aa1 | 4.33% | SIFMA + 2 Basis Points | (4) | (44) | 40 |
| 2008 Series A | 5,660 | 08/28/2008 | 10/01/2026 | A+/Aa1 | 3.89% | SIFMA + 2 Basis Points | (72) | (108) | 36 |
| 2008 Series A | 3,635 | 08/28/2008 | 10/01/2026 | A+/Aa1 | 3.89% | SIFMA + 2 Basis Points | (47) | (70) | 23 |
| 2008 Series B | 2,140 | 08/28/2008 | 10/01/2026 | A+/Aa1 | 5.08% | 1-Month Fallback SOFR + 7 Basis Points | (16) | (34) | 18 |
| | | Total HRB Swap Termination Market Value | | | | | (139) | (256) | 117 |
| 1987 HORB[3] | | | | | | | | | |
| 2003 Series B | 4,565 | 07/29/2003 | 09/01/2034 | A+/Aa1 | 3.94% | 65% of 1-Month Fallback SOFR + 25 Basis Points | (98) | (147) | 49 |
| 2015 Series C | 44,205 | 03/01/2016 | 03/01/2031 | AA-/Aa1 | 1.98% | 67% of 1-Month Fallback SOFR | 1,722 | 1,884 | (162) |
| 2018 Series C | 29,670 | 03/28/2018 | 03/01/2039 | AA-/Aa1 | 2.66% | 73% of 1-Month Fallback SOFR | 1,321 | 1,190 | 131 |
| 2021 Series B | 46,845 | 06/23/2021 | 03/01/2041 | AA-/Aa1 | 1.57% | 73% of 1-Month Fallback SOFR | 6,952 | 6,179 | 773 |
| 2021 Series D | 26,515 | 12/23/2021 | 03/01/2042 | A+/Aa1 | 1.46% | 72% of 1 Month SOFR | 4,022 | 3,526 | 496 |
| 2022 Series B | 22,500 | 09/08/2022 | 09/01/2047 | A+/Aa1 | 2.56% | 70% of 1 Month SOFR + 10 Basis Points | 1,827 | 1,173 | 654 |
| | | Total 1987 HORB Swap Termination Market Value | | | | | 15,746 | 13,805 | 1,941 |
| 1988 HORB[3] | | | | | | | | | |
| 2004 Series E | 6,010 | 11/23/2004 | 09/01/2035 | A+/Aa1 | 3.99% | 65% of 1-Month Fallback SOFR + 25 Basis Points | (155) | (226) | 71 |
| 2016 Series C | 43,890 | 04/27/2016 | 03/01/2038 | AA-/Aa1 | 1.91% | 67% of 1-Month Fallback SOFR | 3,375 | 3,016 | 359 |
| 2017 Series D | 28,790 | 10/24/2017 | 09/01/2037 | AA-/Aa1 | 2.22% | 73% of 1-Month Fallback SOFR | 1,835 | 1,696 | 139 |
| 2018 Series E | 22,715 | 09/13/2018 | 09/01/2039 | A+/Aa1 | 2.80% | 73% of 1-Month Fallback SOFR | 1,229 | 947 | 282 |
| 2019 Series B | 50,000 | 03/28/2019 | 03/01/2043 | AA-/Aa1 | 2.53% | 73% of 1-Month Fallback SOFR | 4,074 | 3,196 | 878 |
| | | Total 1988 HORB Swap Termination Market Value | | | | | 10,358 | 8,629 | 1,729 |
| | | Total Swap Termination Market Value | | | | | 25,370 | 19,844 | 5,526 |

(1) Housing Revenue Bonds
(2) Multifamily Housing Bonds
(3) Home Ownership Revenue Bonds
(4) 1-Month Fallback SOFR ( ICE LIBOR)
(5) SIFMA Municipal Bond Index™
(6) Secured Overnight Financing Rate Data (SOFR)

# 7. Derivatives (continued)

Swap Valuation: The swap termination market values presented above were estimated by the Authority's counterparties to the swap agreements, using proprietary valuation models based on industry valuation methodology, including the use of forward yield curves, zero curve rates, and market implied volatility assumptions. The fair market valuation of these swap agreements is classified in Level 2 (Note 4) according to the fair value hierarchy provided by GASB No. 72 "Fair Value measurement and application". The synthetic instrument method and the regression analysis method were used to determine whether the derivative was an effective hedge based on criteria provided by GASB Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments". The fair values of the swap agreements are presented in the Statements of Net Position of the Authority.

The swap termination market values in the table above represent the termination payments that would have been due had the swap agreements terminated on June 30, 2024 or June 30, 2023. A positive value represents money due to the Authority by the counterparty upon termination while a negative value represents money payable by the Authority.

Termination Risk: Counterparties to the Authority's swap agreements have ordinary termination rights that require a settlement payment by the Authority or the counterparty based on the market value of the swap agreement at the time of termination. As of June 30, 2024, no termination rights were exercised by the counterparties.

Credit Risk: The Authority is exposed to credit risk, the risk that the counterparty fails to perform according to its contractual obligations, on all swap agreements. As of June 30, 2024, the counterparties or counterparty guarantors in 57% of the outstanding swaps were rated AA-/Aa1, and the remaining counterparties are rated A+/Aa1 by S&P and Moody's, respectively. A collateral agreement has been entered into with all of the swap counterparties, to help reduce the Authority's exposure to credit risk. Collateral is required based on the counterparty's credit rating and the allowed threshold under each credit rating level.

As of June 30, 2024, there were three counterparties rated A+/Aa1. One has collateral requirements starting at BBB+/Baa1 and a posting threshold of $500,000, and the second has collateral requirements starting at A+/A1 and a posting threshold of $15.0 million. The third has collateral requirements starting at AA-/Aa3 or above and a posting threshold of $30.0 million. The posting threshold at the current rating of A+/Aa1 is $30.0 million. There are two counterparties rated AA-/Aa1. One has collateral requirements starting at AA/Aa2 or above and a posting threshold of $50.0 million, and the second has collateral requirements starting at A+/A1 and a posting threshold of $15.0 million. The posting threshold at the current rating of AA-/Aa1 is $25.0 million. Based on the fair values as of June 30, 2024, no collateral is required from any counterparty.

Basis and Interest Rate Risk: This risk arises when the amount that is paid by the swap counterparty is different than the variable rate interest payment due to the bondholders. For the Authority, this can happen when the swap counterparty payment is based on a taxable index (for example, 1-Month Fallback SOFR or SOFR) while the underlying bonds are traded in the tax exempt market. Based on market conditions, the relationship between taxable and tax exempt rates may vary. To minimize this risk, the Authority has chosen to use the formula that best represents the relationship between the taxable index and the Authority's historical bond rates. In addition, even when the swap counterparty payment is based on a tax exempt index (SIFMA) and the underlying bonds are tax exempt, or the swap counterparty payment is based on a taxable index (1-Month Fallback SOFR or SOFR) and the underlying bonds are taxable, the Authority's variable rate bonds may be traded differently from the market indices. The Authority has not entered into any novel agreements and there was no material impact when the Authority transitioned from (LIBOR) to 1-Month Fallback SOFR (ICE LIBOR) on July 1, 2023.

Rollover Risk: The Authority is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty's option prior to the maturity of the associated bond. The Authority's swap agreements have limited rollover risk. For HORB issues, the swap agreements contain scheduled reductions to the notional amounts that are expected to follow the scheduled and anticipated reductions in the associated bonds under a wide range of mortgage prepayment speeds. In the case of the HRB and MHB issues, the underlying mortgages will adjust at the swap termination date to current market conditions.

The following swaps expose the Authority to rollover risk:

| Associated Debt Issuance | Bond Maturity Date | Swap Termination Date |
|---|---|---|
| 1974 HRB 2007 Series F & G | 05/01/2042 | 11/01/2025 |
| 2006 MHB 2007 Series C | 10/01/2048 | 09/01/2024 |
| 2006 MHB 2008 Series A & B | 04/01/2046 | 10/01/2026 |

# 7. Derivatives (concluded)

Swap Payments and Associated Debt:

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

| Fiscal Year Ending June 30 | Principal | Interest | Interest Rate Swaps, Net | Total |
|---|---|---|---|---|
| 2025 | 10,360 | 16,302 | (5,593) | 21,069 |
| 2026 | 17,955 | 16,358 | (5,690) | 28,623 |
| 2027 | 20,445 | 15,247 | (5,606) | 30,086 |
| 2028 | 16,000 | 14,624 | (5,584) | 25,040 |
| 2029 | 21,175 | 13,807 | (5,312) | 29,670 |
| 2030 – 2034 | 96,685 | 56,739 | (22,540) | 130,884 |
| 2035 – 2039 | 138,300 | 33,358 | (12,663) | 158,995 |
| 2040 – 2044 | 56,720 | 13,214 | (3,491) | 66,443 |
| 2045 – 2049 | 11,750 | 7,354 | (1,216) | 17,888 |
| 2050 – 2054 | 4,445 | 6,192 | (885) | 9,752 |
| 2055 – 2059 | 14,885 | 4,794 | (705) | 18,974 |
| 2060 – 2064 | 14,670 | 806 | (124) | 15,352 |
| Totals | 423,390 | 198,795 | (69,409) | 552,776 |

# 8. Restricted Net Position

Programs that are financed by the issuance of bonds are accounted for separately in accordance with each of the bond resolutions. Program assets and revenues are pledged to bondholders. As of June 30, 2024 and 2023, approximately $539.4 million and $527.2 million, respectively, of the net position was restricted by bond resolutions. Revenues in excess of required amounts are available to be transferred to the General Fund. Amounts transferred to the General Fund from the bond resolutions are free and clear of any lien or pledge created by the bond resolutions and may be used for any lawful purpose.

Net Position restricted by contractual agreement for various purposes including credit enhancements, loan programs, operating expenses, collateral for note agreements and property replacement was approximately $384.5 million and $327.1 million as of June 30, 2024 and 2023, respectively.

The unrestricted General Fund net position of $23.0 million as of June 30, 2024 will be used according to the 2024-2025 Dividends for Wisconsin plan.

# 9. Retirement and Other Benefits

**General Information about the Pension Plan**

**Plan description.** The WRS is a cost-sharing, multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a stand-alone Annual Comprehensive Financial Report (ACFR), which can be found at http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

# 9. Retirement and Other Benefits(continued)

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**Post-Retirement Adjustments**. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

| Year | Core Fund Adjustment (%) | Variable Fund Adjustment (%) |
|---|---|---|
| 2014 | 4.7 | 25.0 |
| 2015 | 2.9 | 2.0 |
| 2016 | 0.5 | (5.0) |
| 2017 | 2.0 | 4.0 |
| 2018 | 2.4 | 17.0 |
| 2019 | 0.0 | (10.0) |
| 2020 | 1.7 | 21.0 |
| 2021 | 5.1 | 13.0 |
| 2022 | 7.4 | 15.0 |
| 2023 | 1.6 | (21.0) |

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

The WRS recognized $993,695 and $846,511 in contributions from the employer as of June 30, 2024 and 2023, respectively. Contribution rates as of June 30, 2024 and June 30, 2023 are as follows:

| | 2024 | 2024 | 2023 | 2023 |
|---|---|---|---|---|
| **Employee Category** | **Employee** | **Employer** | **Employee** | **Employer** |
| General (including teachers, executives and elected officials) | 6.90% | 6.90% | 6.80% | 6.80% |
| Protective with Social Security | 6.90% | 14.30% | 6.80% | 13.20% |
| Protective without Social Security | 6.90% | 19.10% | 6.80% | 18.10% |

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2024, the Authority reported a liability of $1,084,158 for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) was measured as of December 31, 2023, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Authority's proportion of the Net Pension Liability (Asset) was based on the Authority's share of contributions to the pension plan relative to contributions of all participating employers. At December 31, 2023, the Authority's proportion was .073%, which was an increase of .001% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Authority recognized pension expense of $755,675.

At June 30, 2023, the Authority reported a liability of $3,835,585 for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) was measured as of December 31, 2022, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Authority's proportion of the Net Pension Liability (Asset) was based on the Authority's share of contributions to the pension plan relative to contributions of all participating employers. At December 31, 2022, the Authority's proportion was .072%, which was a decrease of .001% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Authority recognized pension income of $1,953,660.

At June 30, 2024 and 2023, the Authority reported Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions from the following sources (in thousands of dollars):

| | 2024 | 2024 | 2023 | 2023 |
|---|---|---|---|---|
| | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
| Differences between expected and actual experience | $4,371 | ($5,790) | $6,109 | ($8,026) |
| Net differences between projected and actual earnings on pension plan investments | $3,778 | $0 | $6,516 | $0 |
| Changes in assumptions | $473 | $0 | $754 | $0 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | $26 | ($1) | $20 | ($4) |
| Employer contributions subsequent to the measurement date | $627 | $0 | $544 | $0 |
| **Total** | $9,275 | ($5,791) | $13,943 | ($8,030) |

$626,876 and $543,502 reported as Deferred Outflows of Resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) in each of the fiscal years ended June 30, 2025 and 2024, respectively.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension will be recognized in pension expense as follows (in thousands of dollars):

| | **Fiscal Year 2024** |
|---|---|
| **Year ended June 30:** | **Net Deferred Outflow and (Inflows) of Resources** |
| 2024 | $588 |
| 2025 | $618 |
| 2026 | $2,377 |
| 2027 | ($726) |
| Thereafter | $0 |

| | **Fiscal Year 2023** |
|---|---|
| **Year ended June 30:** | **Net Deferred Outflow and (Inflows) of Resources** |
| 2023 | $225 |
| 2024 | $1,113 |
| 2025 | $1,142 |
| 2026 | $2,889 |
| Thereafter | $0 |

**Actuarial assumptions.** The Total Pension Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial Valuation Date: | December 31, 2022 |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2023 |
| Experience Study: | January 1, 2018 – December 31, 2020<br>Published November 19, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 6.8% |
| Discount Rate: | 6.8% |
| Salary Increases<br>Wage Inflation: | 3.0% |
| Seniority/Merit: | 0.1% - 5.6% |
| Mortality: | 2020 WRS Experience Mortality Table |
| Post-retirement Adjustments* | 1.7% |

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

**Long-term expected Return on Plan Assets:** The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**Asset Allocation Targets and Expected Returns[1]**
As of December 31, 2023

| | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return %[2] |
|---|---|---|---|
| **Core Fund Asset Class** | | | |
| Public Equity | 40.0 | 7.3 | 4.5 |
| Public Fixed Income | 27.0 | 5.8 | 3.0 |
| Inflation Sensitive | 19.0 | 4.4 | 1.7 |
| Real Estate | 8.0 | 5.8 | 3.0 |
| Private Equity/Debt | 18.0 | 9.6 | 6.7 |
| Leverage[3] | (12.0) | 3.7 | 1.0 |
| Total Core Fund | 100.0 | 7.4 | 4.6 |
| **Variable Fund Asset Class** | | | |
| U.S. Equities | 70.0 | 6.8 | 4.0 |
| International Equities | 30.0 | 7.6 | 4.8 |
| Total Variable Fund | 100.0 | 7.3 | 4.5 |

[1]Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations
[2]New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%
[3]The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

# 9. Retirement and Other Benefits(continued)

**Single Discount rate:** A single discount rate of 6.80% was used to measure the Total Pension Liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity Index's "20-year Municipal GO AA Index as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond 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 Authority's proportionate share of the Net Pension Liability (Asset) to changes in the discount rate.** The following presents the Authority's proportionate share of the Net Pension Liability (Asset) calculated using the discount rate of 6.80 percent, as well as what the Authority's proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate (in thousands):

| Fiscal Year 2024 | 1% Decrease to Discount Rate (5.80%) | Current Discount Rate (6.80%) | 1% Increase to Discount Rate (7.80%) |
|---|---|---|---|
| Authority's proportionate share of the net pension liability (asset) | $10,479 | $1,084 | ($5,490) |

| Fiscal Year 2023 | 1% Decrease to Discount Rate (5.80%) | Current Discount Rate (6.80%) | 1% Increase to Discount Rate (7.80%) |
|---|---|---|---|
| Authority's proportionate share of the net pension liability (asset) | $12,730 | $3,836 | ($2,283) |

*Pension plan fiduciary net position*. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

**Other Post-Employment Benefits**

**General Information about Other Post-Employment Benefits – State Retiree Life Insurance Fund (SRLIF)**

**Plan Description.** The SRLIF is a single-employer defined benefit OPEB plan. SRLIF benefits and other plan provisions are established by Chapter 40 of Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

**OPEB Plan Fiduciary Net Position.** ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report which can also be found using the link above.

**Benefits provided.** The SRLIF plan provides fully paid-up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

**Contributions.** The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2023 are:

| Coverage Type | Employer Contribution |
|---|---|
| 50% Post Retirement Coverage | 28% of employee contribution |

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per $1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2023 are as listed below:

| Life Insurance<br>Employee Contribution Rates*<br>For the year ended December 31, 2023 | | |
|---|---|---|
| **Attained Age** | **Basic** | **Supplemental** |
| Under 30 | $0.0500 | $0.0500 |
| 30-34 | 0.0500 | 0.0500 |
| 35-39 | 0.0500 | 0.0500 |
| 40-44 | 0.0800 | 0.0800 |
| 45-49 | 0.1300 | 0.1300 |
| 50-54 | 0.2000 | 0.2000 |
| 55-59 | 0.2800 | 0.2800 |
| 60-64 | 0.3800 | 0.3800 |
| 65-69 | 0.5000 | 0.5000 |
| *Disabled members under age 70 receive a waiver-of-premium benefit. | | |

The SRLIF recognized $6,248 and $5,620 in contributions from the employer as of June 30, 2024 and 2023, respectively.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

At June 30, 2024 and 2023, the Authority reported a liability (asset) of $2,556,342 and $2,086,861, respectively, for its proportionate share of the net OPEB Liability (Asset). The net OPEB Liability (Asset) was measured as of December 31, 2023 and the Total OPEB Liability used to calculate the Net OEPB Liability (Asset) was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. The Authority's proportion of the Net OPEB Liability (Asset) was based on the Authority's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2023 the Authority's proportion was .321%, which was an increase of .005% from its proportion measured as of December 31, 2022. At December 31, 2022, the Authority's proportion was .316%, which was an decrease of .023% from its proportion measured as of December 31, 2021.

For the years ended June 30, 2024 and 2023, the Authority recognized OPEB expense (revenue) of $230,283 and $215,793, respectively.

At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources (in thousands of dollars):

| | 2024<br>Deferred Outflows<br>of Resources | 2024<br>Deferred Inflows<br>of Resources | 2023<br>Deferred Outflows<br>of Resources | 2023<br>Deferred Inflows<br>of Resources |
|---|---|---|---|---|
| Differences between expected and actual experience | $6 | ($51) | $7 | ($57) |
| Net differences between projected and actual earnings on OPEB plan investments | $25 | $0 | $29 | $0 |
| Changes in assumptions | $625 | ($813) | $583 | ($1,016) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | $113 | ($167) | $161 | ($215) |
| Employer contributions subsequent to the measurement date | $0 | $0 | $0 | $0 |
| **Total** | $769 | ($1,031) | $780 | ($1,288) |

# 9. Retirement and Other Benefits(continued)

$0 reported as deferred outflows related to OPEB resulting from the SRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability (Asset) in the years ended June 30, 2024 and 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows (in thousands of dollars):

| | **Fiscal Year 2024** |
|---|---|
| **Year Ended June 30:** | **Net Deferred Inflows and Outflows of Resources** |
| 2024 | $24 |
| 2025 | ($12) |
| 2026 | ($97) |
| 2027 | ($144) |
| 2028 | ($53) |
| Thereafter | $20 |

| | **Fiscal Year 2023** |
|---|---|
| **Year Ended June 30:** | **Net Deferred Inflows and Outflows of Resources** |
| 2023 | $6 |
| 2024 | ($23) |
| 2025 | ($60) |
| 2026 | ($143) |
| 2027 | ($190) |
| Thereafter | ($98) |

***Actuarial assumptions.*** The total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial Valuation Date: | January 1, 2023 |
| Measurement Date of Net OPEB Liability (Asset): | December 31, 2023 |
| Experience Study: | January 1, 2018 – December 31, 2020, Published November 19, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield* | 3.26% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate: | 3.30% |
| Salary Increases<br>Inflation:<br>Seniority/Merit: | <br>3.00%<br>0.1% - 5.6% |
| Mortality: | 2020 WRS Experience Mortality Table |

*Based on the Bond buyer GO 20-bond Municipal index.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 actuarial valuation.

## 9. Retirement and Other Benefits (continued)

***Long-term expected Return on Plan Assets.*** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the SRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the SRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**State OPEB Life Insurance**
**Asset Allocation Targets and Expected Returns**
**As of December 31, 2023**

| Asset Class | Index | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|---|---|---|---|
| US Intermediate Credit Bonds | Bloomberg U.S. Interm Credit | 40.00% | 2.32% |
| US Mortgages | Bloomberg U.S. MBS | 60.00% | 2.52% |
| | | | |
| Inflation | | | 2.30% |
| Long-Term Expected Rate of Return | | | 4.25% |

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

***Single Discount Rate.*** A Single discount rate of 3.30% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.75% for the prior year. The change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2033.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65. The current employer contribution schedule includes annual increases of 5% for nine years, as approved by the Group Insurance Board in August 2019.

***Sensitivity of the Authority's proportionate share of the Net OPEB Liability (Asset) to changes in the discount rate.*** The following presents the Authority's proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 3.30%, as well as what the Authority's proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage point lower (2.30%) or 1-percentage point higher (4.30%) than the current rate (in thousands of dollars):

| Fiscal Year 2024 | 1% Decrease to Discount Rate (2.30%) | Current Discount Rate (3.30%) | 1% Increase To Discount Rate (4.30%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability | $3,304 | $2,556 | $1,980 |

| Fiscal Year 2023 | 1% Decrease to Discount Rate (1.75%) | Current Discount Rate (2.75%) | 1% Increase To Discount Rate (3.75%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability | $2,723 | $2,087 | $1,594 |

# 9. Retirement and Other Benefits (continued)

***General Information about Other Post-Employment Benefits – State Health Insurance Conversion Credit Program (SHICC)***

***Plan Description.*** The SHICC is a single-employer defined benefit OPEB plan. The SHICC program allows members with more than 15 years of eligible service to convert unused sick leave balances into credits to pay for post-retirement health insurance premiums. The SHICC program provides a limited match of the members sick leave credits earned through the Accumulated Sick Leave Conversion Credit (ASLCC) program. ASLCC program credits are computed at the time of retirement, layoff or death by multiplying the number of hours of unused sick leave by the highest hourly pay rate at which the employee accrued sick leave that is eligible for conversion. The SHICC program also includes a provision for the restoration of 500 hours of credits upon retirement, layoff or death provided at least 500 hours of accrued sick leave were used for a single injury or illness during the three years immediately preceding the retirement, layoff or death while in state service. SHICC benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes.

All ASLCC program credits must be used before SHICC program credits. Unused ASLCC and SHICC credits have no cash value, are carried forward from year to year without interest, and when total health insurance premiums paid on behalf of the retired employee exceed the conversion credits, no further payments are made under the ASLCC and SHICC programs. ASLCC and SHICC credits may be escrowed indefinitely after retirement for participants who provide evidence of comparable health insurance coverage from another source.

The SHICC program includes the State of Wisconsin (State), the University of Wisconsin, and other component units of the State. The Wisconsin Department of Employee Trust Funds (ETF) and the ETF Board have statutory authority for program administration and oversight.

**OPEB Plan Fiduciary Net Position.** ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements

***Benefits provided.*** The SHICC plan provides eligible members with credits that can be used to pay for post-retirement health insurance.

***Contributions.*** The ETF Board approves contribution rates annually, based on recommendations from the actuary. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions in accordance with Wis. Stat. Section 40.05(4)(by). Employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employer Contribution rates as of December 31, 2023 are:

| Employer | Rate |
|---|---|
| Wiscraft Inc. | 0.4% |
| Other State Employers | 0.2% |

For the years ended June 30, 2024 and 2023, the SHICC program recognized $29,226 and $13,023 in contributions from the employer, respectively.

***OPEB Liabilities, OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

At June 30, 2024, the Authority reported a liability (asset) of ($154,241), for its proportionate share of the Net OPEB Liability (Asset). The Net OPEB Liability (Asset) was measured as of December 31, 2023, and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of December 31, 2023. The Authority's proportion of the Net OEPB Liability (Asset) was based on the Authority's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2023, the Authority's proportion was .246%, which was an increase of .007% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2023, the Authority recognized OPEB Expense (income) of $9,479.

At June 30, 2023, the Authority reported a liability (asset) of ($246,241), for its proportionate share of the Net OPEB Liability (Asset). The Net OPEB Liability (Asset) was measured as of December 31, 2022, and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of December 31, 2022. The Authority's proportion of the Net OEPB Liability (Asset) was based on the Authority's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the Authority's proportion was .239%, which was an increase of .003% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2024, the Authority recognized OPEB Expense (income) of ($8,063).

# 9. Retirement and Other Benefits (continued)

At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the following sources:

| | 2024 Deferred Outflows of Resources | 2024 Deferred Inflows of Resources | 2023 Deferred Outflows Of Resources | 2023 Deferred Inflows of Resources |
|---|---|---|---|---|
| Differences between expected and actual experience | $180 | ($308) | $0 | ($368) |
| Net differences between projected and actual earnings on OPEB plan investments | $0 | ($258) | $0 | ($305) |
| Changes in Assumptions | $612 | ($0) | $763 | ($0) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | $5 | ($11) | $6 | ($4) |
| Employer contributions subsequent to the measurement date | $0 | ($0) | $0 | ($0) |
| **Total** | $797 | ($577) | $769 | ($677) |

No dollars reported as deferred outflows related to OPEB resulting form the SHICC Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability (Asset) in the years ended June 30, 2025 and June 30, 2024.

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

| | **Fiscal Year 2024** |
|---|---|
| **Year Ended June 30:** | **Net Deferred Inflows and Outflows of Resources** |
| 2024 | ($1) |
| 2025 | $40 |
| 2026 | $105 |
| 2027 | ($15) |
| 2028 | $26 |
| Thereafter | $65 |

| | **Fiscal Year 2023** |
|---|---|
| **Year Ended June 30:** | **Net Deferred Inflows and Outflows of Resources** |
| 2023 | ($53) |
| 2024 | $2 |
| 2025 | $42 |
| 2026 | $105 |
| 2027 | ($11) |
| Thereafter | $7 |

***Actuarial Assumptions.*** The Total OPEB Liability (Asset) in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial Valuation Date: | December 31, 2023 |
| Measurement Date of Net OPEB Liability (Asset) | December 31, 2023 |
| Wisconsin Sick Leave Conversion Credit Programs Experience Study: | January 1, 2018 – December 31, 2020<br>Published November 18, 2021 |
| WRS Experience Study: | January 1, 2018 – December 31, 2020<br>Published November 19, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| Long-Term Expected Rate of Return: | 6.80% |
| Discount Rate: | 6.80% |
| Salary Increases including inflation<br>Inflation:<br>Seniority/Merit: | <br>3.00%<br>0.1% - 5.6% |
| Mortality*: | 2020 WRS Experience Mortality Table |
| Healthcare Cost Trend Rate: | 5.5% for the first-year grading down to an ultimate health care trend rate of 3.5% over an 10 year period |
| Health Care Premiums | Actual premium amounts are used for current annuitants. For all non-annuitants (active, preserved, and escrowed members), average premiums are calculated based on non-Medicare and Medicare rates for one person and two person coverages. |
| Participation | 100% of active and preserved members will begin using sick leave credits immediately upon reaching eligibility. |
| Usage for Escrowed Benefits: | 50% of members currently in escrow status will at some point begin using their sick leave balances to pay for health care costs. |
| Sick Leave Accumulation: | The assumed annual sick leave accumulation for each individual is at their same rate as in the past (earned less used), but not more than 100% of the gross earned rate based on the person's employer and not less than 25% of their gross earned rate. The assumed annual gross earned rates range from 6.4 to 16.25 days depending on the employer. |

*Note that mortality assumptions were not applied to members who currently have healthcare coverage for more than one person since the benefit may be transferred to a beneficiary upon death.

Actuarial assumptions are based upon experience studies conducted in 2021 on the Wisconsin Retirement System (WRS) and Wisconsin Sick Leave Conversion Credit programs that covered a three-year period from January 1, 2018 to December 31, 2020.

***Long-term expected Return on Plan Assets.*** The assets of the SHICC are commingled with assets from other benefit programs and invested in the Core Retirement Investment Trust (Core Fund). Earnings are allocated between the benefit programs based on the average balance invested for each program. The State of Wisconsin Investment Board (SWIB) manages the Core Fund with oversight by the SWIB Board of Trustees, as authorized in Wis. State. Section 25.17. The long-term expected rate of return is reviewed every three years in conjunction with the Wisconsin Retirement System experience study. Best estimates of geometric real rates of return of each major asset class included in the OPEB plan's target allocation as of December 31, 2023, are summarized in the following table:

**State Supplemental Health Insurance Conversion Credit**
**Asset Allocation Targets and Expected Returns[1]**
**As of December 31, 2023**

| Asset Class | Asset Allocation % | Long-Term Expected Real Rate of Return %[2] |
|---|---|---|
| Public Equity | 40.0 | 4.5 |
| Public Fixed Income | 27.0 | 3.0 |
| Inflation Sensitive Assets | 19.0 | 1.7 |
| Real Estate | 8.0 | 3.0 |
| Private Equity/Debt | 18.0 | 6.7 |
| Leverage[3] | (12) | 1.0 |
| Total Core Fund | 100.0 | 4.6 |
| | | |
| Long-Term Expected Rate of Return | | 6.8% |

1 Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

2 New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%

3 The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

The long-term expected rate of return is 6.8%. The long-term expected rate of return on the OPEB 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 OEPB 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.

***Single Discount rate.*** A single discount rate of 6.8% was used to measure the Total OEPB Liability for the current and prior years. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.8%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the OPEB Liability and projections were excluded from this report.

***Sensitivity of the Authority's proportionate share of the Net OPEB Liability (Asset) to changes in the discount rate.*** The following present the Authority's proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 6.8% as well as what the Authority's proportionate share of the Net OPEB 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 discount rate:

| Fiscal Year 2024 | 1% Decrease to Discount Rate (5.8%) | Current Discount Rate (6.8%) | 1% Increase To Discount Rate (7.8%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB Liability (Asset) | $147 | ($154) | ($414) |

| Fiscal Year 2023 | 1% Decrease to Discount Rate (5.8%) | Current Discount Rate (6.8%) | 1% Increase To Discount Rate (7.8%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB Liability (Asset) | $23 | ($246) | ($478) |

# 9. Retirement and Other Benefits (concluded)

***Sensitivity of the Authority's proportionate share of the Net OPEB Liability (Asset) to changes in the healthcare cost trend rate.*** The following presents the Authority's proportionate share of the collective Net OPEB Liability (Asset), calculated using the assumed healthcare cost trend rate as well as what the plan's net OPEB Liability (Asset) would be if it were calculated using an assumed healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

| Fiscal Year 2024 | 1% Decrease to Healthcare Cost Trend Rate (2.0%) | Current Healthcare Cost Trend Rate (3.0%) | 1% Increase to Healthcare Cost Trend Rate (4.0%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB Liability (Asset) | ($347) | ($154) | $29 |

| Fiscal Year 2023 | 1% Decrease to Healthcare Cost Trend Rate (2.0%) | Current Healthcare Cost Trend Rate (3.0%) | 1% Increase to Healthcare Cost Trend Rate (4.0%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB Liability (Asset) | ($413) | ($246) | ($86) |

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

## Required Supplementary Information

## June 30, 2024
## with comparative totals for June 30, 2023

**SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**
Wisconsin Retirement System
Last 10 Fiscal Years*
(In Thousands)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Authority's proportion of the Net Pension Liability (Asset) | 0.74% | .072% | .070% | .071% | .073% | .074% | .074% | .073% | .072% | .073% |
| Authority's proportionate share of the Net Pension Liability (Asset) | ($1,828) | $1,166 | $578 | ($2,105) | $2,600 | ($2,395) | ($4,653) | ($5,887) | $3,836 | $1,084 |
| Authority's covered-payroll | $9,909 | $9,868 | $10,124 | $10,859 | $11,666 | $11,820 | $12,347 | $12,331 | $13,023 | $14,613 |
| Authority's collective Net Pension Liability (Asset) as a percentage of the employer's covered-employee payroll | 18.44% | 11.82% | 5.7% | 19.38% | 22.29% | 20.26% | 37.69% | 47.74% | 29.46% | 7.41% |
| Plan fiduciary net position as a percentage of the Total Pension Liability (Asset) | 102.74% | 98.2% | 99.12% | 102.93% | 96.45% | 102.96% | 105.26% | 106.02% | 95.72% | 98.84% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

**SCHEDULE OF AUTHORITY CONTRIBUTIONS**
Wisconsin Retirement System
Last 10 Fiscal Years*
(In Thousands)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $694 | $671 | $668 | $738 | $782 | $774 | $833 | $832 | $847 | $994 |
| Contributions in relation to the contractually required contributions | ($694) | ($671) | ($668) | ($738) | ($782) | ($774) | ($833) | ($832) | ($847) | ($994) |
| Contribution deficiency (excess) | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Authority's covered-payroll | $9,909 | $9,868 | $10,124 | $10,859 | $11,666 | $11,820 | $12,347 | $12,331 | $13,023 | $14,613 |
| Contributions as a percentage of covered-employee payroll | 7.0% | 6.8% | 6.6% | 6.8% | 6.7% | 6.5% | 6.7% | 6.7% | 6.5% | 6.8% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

## Notes to Required Supplementary Information
## For the Year Ended June 30, 2024

***Changes in Benefit Terms and Assumptions related to Pension Liabilities (Assets)***

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions:*
Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the Wisconsin 2020 Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

**Significant methods and assumptions used in calculating Wisconsin Retirement Actuarially Determined Contributions:**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Valuation Date: | December 31, 2012 | December 31, 2013 | December 31, 2014 | December 31, 2015 | December 31, 2016 |
| Actuarial Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| Amortization Method: | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period |
| Amortization Period: | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS |
| Asset Valuation Method: | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) |
| Actuarial Assumptions<br>Net Investment Rate of Return | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Weighted based on assumed rate for:<br>Pre-retirement:<br>Post-retirement: | 7.2%<br>5.0% | 7.2%<br>5.0% | 7.2%<br>5.0% | 7.2%<br>5.0% | 7.2%<br>5.0% |
| Salary Increases<br>Wage Inflation:<br>Seniority/Merit: | 3.2%<br>0.1%-5.6% | 3.2%<br>0.1%-5.6% | 3.2%<br>0.1%-5.6% | 3.2%<br>0.1%-5.6% | 3.2%<br>0.1%-5.6% |
| Post-retirement Benefit Adjustments*: | 2.1% | 2.1% | 2.1% | 2.1% | 2.1% |
| Retirement Age: | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014 |
| Mortality: | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | 2012 Mortality 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). |

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

**Significant methods and assumptions used in calculating Wisconsin Retirement Actuarially Determined Contributions (continued):**

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Valuation Date: | December 31, 2017 | December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 |
| Actuarial Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| Amortization Method: | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period |
| Amortization Period: | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS |
| Asset Valuation Method: | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) |
| Actuarial Assumptions<br>Net Investment Rate of Return | 5.5% | 5.4% | 5.4% | 5.4% | 5.4% |
| Weighted based on assumed rate for:<br>Pre-retirement:<br>Post-retirement: | 7.2%<br>5.0% | 7.0%<br>5.0% | 7.0%<br>5.0% | 7.0%<br>5.0% | 6.8%<br>5.0% |
| Salary Increases<br>Wage Inflation:<br>Seniority/Merit: | 3.2%<br>0.1%-5.6% | 3.0%<br>0.1%-5.6% | 3.0%<br>0.1%-5.6% | 3.0%<br>0.1%-5.6% | 3.0%<br>0.1%-5.6% |
| Post-retirement Benefit Adjustments*: | 2.1% | 1.9% | 1.9% | 1.9% | 1.7% |
| Retirement Age: | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020 |
| Mortality: | 2012 Mortality 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | 2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010. |

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

**SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**
State Retiree Life Insurance Fund
Last 7 Fiscal Years*
(In Thousands)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| Authority's proportion of the Net OPEB Liability (Asset) | 0.259% | 0.358% | 0.344% | 0.331% | 0.339% | 0.316% | 0.321% |
| Authority's proportionate share of the Net OPEB Liability (Asset) | $1,280 | $1,547 | $2,351 | $2,868 | $3,217 | $2,087 | $2,556 |
| Authority's covered-employee payroll | $8,261 | $9,361 | $9,565 | $9,728 | $10,180 | $10,919 | $11,334 |
| Plan fiduciary net position as a percentage of the Total OPEB Liability (Asset) | 41.63% | 44.36% | 33.75% | 27.79% | 25.22% | 31.49% | 26.53% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

**SCHEDULE OF AUTHORITY CONTRIBUTIONS**
State Retiree Life Insurance Fund
Last 7 Fiscal Years*
(In Thousands)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|
| Contractually required contributions | $3 | $5 | $4 | $5 | $6 | $6 | $6 |
| Contributions in relation to the contractually required contributions | ($3) | ($5) | ($4) | ($5) | ($6) | ($6) | ($6) |
| Contribution deficiency (excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Authority's covered-employee payroll | $8,261 | $9,361 | $9,565 | $9,728 | $10,180 | $10,919 | $11,334 |
| Contributions as a percentage of covered-employee payroll | .042% | .053% | .041% | .052% | .056% | .055% | .055% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**Notes to Required Supplementary Information**
**For the Year Ended June 30, 2024**

*Changes of benefit terms.* There were no recent changes of benefit terms.

*Changes of assumptions.* In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three-year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021, total OPEB liabilities, include the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018, total OPEB liabilities, include the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

**SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**
Supplemental Health Insurance Conversion Credit Program
Last 4 Fiscal Years*
(In Thousands)

| | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Authority's proportion of the Net OPEB Liability (Asset) | 0.246% | 0.236% | 0.239% | 0.246% |
| Authority's proportionate share of the Net OPEB Liability (Asset) | ($699) | ($777) | ($246) | ($154) |
| Authority's covered-employee payroll | $12,347 | $12,331 | $13,023 | $14,613 |
| Authority's collective Net OPEB Liability (Asset) as a percentage of the employer's covered employee-payroll | (5.7%) | (6.3%) | (1.9%) | (1.06%) |
| Plan fiduciary net position as a percentage of the Total OPEB Liability (Asset) | 130.82% | 131.55% | 109.83% | 105.35% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The tables will be built prospectively as the information becomes available.

**SCHEDULE OF AUTHORITY'S CONTRIBUTIONS**
Supplemental Health Insurance Conversion Credit Program
Last 4 Fiscal Years*
(In Thousands)

| | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Contractually required contributions | $37 | $37 | $13 | $29 |
| Contributions in relation to the contractually required contributions | ($37) | ($37) | ($13) | ($29) |
| Contribution deficiency (excess) | $0 | $0 | $0 | $0 |
| Authority's covered-employee payroll | $12,347 | $12,331 | $13,023 | $14,613 |
| Contributions as a percentage of covered-employee payroll | 0.30% | 0.30% | 0.09% | 0.20% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The tables will be built prospectively as the information becomes available.

**Notes to Required Supplementary Information**
**For the Year Ended June 30, 2024**

*Changes of benefit terms.* There were no recent changes in benefit terms.

*Changes of assumptions.* Based upon experience studies conducted in 2021 on the WRS and Wisconsin Sick Leave Conversion Credit programs that covered a three-year period from January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total OPEB liability (asset) beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.00% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table
- The healthcare cost trend rate was changed from an increase of 3.0% in each future year to 6.0% for the 1st year and declining each future year to an ultimate trend rate of 3.5% over a 12-year period
- Health care premium assumptions were changed to reflect 1-person and 2-person coverage for non-Medicare and Medicare along with an election percentage assumption of 50%. Previously, the average non-Medicare and Medicare premiums were based on active annuitant data with a 10% increase applied to the average premium
- The escrowed benefit usage assumes 50% of escrowed members will at some point begin using their sick leave balance to pay for health care costs. The present value of future benefits is now calculated by drawing down each member's account balance using the same average premiums applicable to active members and a 50% factor applied to the present value to account for the 50% escrowed benefit usage assumption. Previously, the present value of future benefits was calculated by taking the balance on deposit for escrowed annuitants multiplied by the ratio of the present value of future benefits for active status annuitants to the balance on deposit for active status annuitants multiplied by 50%
- The sick leave accumulation assumes each individual is at their same rate as in the past (earned less used), but not more than 100% of the gross earned rate based on the person's employer and not less than 25% of their gross earned rate. The assumed annual gross earned rates range from 6.4 to 16.25 days depending on the employer. Previously, each individual was assumed to continue using sick leave at the same rate as in the past but not less than 25% nor more than 75% of the person's annual accrual rate (usually 16.25 days)

Based upon a three-year experience study conducted in 2018 that covered a three-year period from January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total OPEB liability (asset), beginning with the year December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table
- The healthcare cost trend rate was changed form an increase of 3.2% in each future year to 3.0%

**Significant methods and assumptions used in calculating SHICC Actuarially Determined Contributions:**

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Valuation Date: | December 31, 2015 | December 31, 2016 | December 31, 2017 | December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 |
| Actuarial Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| Amortization Method: | Level Percent of Payroll, (Closed) | Level Percent of Payroll, (Closed) | Level Percent of Payroll, (Closed) | Level Percent of Payroll, (Closed) | Level Percent of Payroll, (Closed) | Level Percent of Payroll, (Closed) | Level Percent of Payroll, (Closed) |
| Remaining Amortization Period: | 9 years | 9 years | 8 years | 7 years | 6 years | 5 years | 5 years |
| Asset Valuation Method: | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) |
| Salary Increases<br>Wage Inflation:<br>Seniority/Merit: | <br>2.0%<br>0.1%-5.6% | <br>2.0%<br>0.1%-5.6% | <br>3.2%<br>0.1%-5.6% | <br>3.0%<br>0.1%-5.6% | <br>3.0%<br>0.1%-5.6% | <br>3.0%<br>0.1%-5.6% | <br>3.0%<br>0.1%-5.6% |
| Investment Rate of Return: | 7.2% | 7.2% | 7.2% | 7.0% | 7.0% | 7.0% | 6.8% |
| Retirement Age: | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017 | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020 |
| Mortality: | Fully generational mortality utilizing the WRS 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%) | Fully generational mortality utilizing the WRS 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%) | Fully generational mortality utilizing the WRS 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%) | Fully generational mortality utilizing the WRS 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%) | Fully generational mortality utilizing the WRS 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%) | Fully generational mortality utilizing the WRS 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%) | Fully generational mortality utilizing the WRS 2020 Mortality Table adjusted for future mortality improvements using the MP-2021 fully generational improvement scale |
| Health Care Trend Rates: | 3.2% | 3.2% | 3.2% | 3.0% | 3.0% | 3.0% | Initial rate of 6.0% trending to an ultimate rate of 3.5% in year 12 |
| Notes: | There were no benefit changes during the year | There were no benefit changes during the year | There were no benefit changes during the year | There were no benefit changes during the year | There were no benefit changes during the year | There were no benefit changes during the year | There were no benefit changes during the year |

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

## Supplementary Information

## June 30, 2024
## with comparative totals for June 30, 2023

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Net Position
### June 30, 2024
### with comparative totals for June 30, 2023
**(Thousands of Dollars)**

| | Single Family Bonds | Housing Revenue Bonds | Multifamily Housing Bonds | State of Wisconsin Programs | General Fund | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current Assets: | | | | | | | |
| Cash and cash equivalents (Notes 1 & 4) | $249,335 | $187,171 | $17,466 | $554,601 | $255,668 | $1,264,241 | $575,772 |
| Investments (Notes 1 & 4) | - | - | - | - | - | - | 53,592 |
| Investment interest receivable | 732 | 1,957 | 56 | 2,356 | 282 | 5,383 | 1,807 |
| Mortgage-backed securities investment interest receivable | 4,586 | 62 | - | - | 238 | 4,886 | 2,944 |
| Mortgage loans receivable, net (Notes 1 & 5) | 13,104 | 123,738 | 2,162 | 737 | 6,471 | 146,212 | 116,235 |
| Mortgage interest receivable | 713 | 3,486 | 282 | 43 | 2,655 | 7,179 | 6,161 |
| Accounts receivable | 90 | - | - | 6 | 5,070 | 5,166 | 3,387 |
| Prepaid expense | 9 | 13 | 2 | - | 22 | 46 | 64 |
| Interfunds | (13,042) | (454) | (1,148) | (296) | 14,940 | - | - |
| Total Current Assets | 255,527 | 315,973 | 18,820 | 557,447 | 285,346 | 1,433,113 | 759,962 |
| Noncurrent Assets: | | | | | | | |
| Investments (Notes 1 & 4) | 10 | 121,713 | - | - | 1,002 | 122,725 | 133,996 |
| Mortgage-backed securities (Notes 1 & 4) | 1,304,491 | 19,577 | - | - | 51,214 | 1,375,282 | 998,738 |
| Mortgage loans receivable, net (Notes 1 & 5) | 126,542 | 702,568 | 65,235 | 6,161 | 266,051 | 1,166,557 | 1,118,656 |
| Derivative instrument - interest rate swaps (Notes 1 & 7) | 26,104 | - | - | - | - | 26,104 | 22,434 |
| Other assets (Note 1) | - | - | - | - | 36,390 | 36,390 | 37,200 |
| Total Noncurrent Assets | 1,457,147 | 843,858 | 65,235 | 6,161 | 354,657 | 2,727,058 | 2,311,024 |
| Total Assets | 1,712,674 | 1,159,831 | 84,055 | 563,608 | 640,003 | 4,160,171 | 3,070,986 |
| **Deferred Outflow of Resources** | | | | | | | |
| Accumulated change in fair value of hedging derivatives (Notes 1 & 7) | - | 595 | 139 | - | - | 734 | 2,590 |
| Deferred outflow of resources - pension (Note 9) | - | - | - | - | 9,275 | 9,275 | 13,943 |
| Deferred outflow of resources - OPEB (Note 9) | - | - | - | - | 1,566 | 1,566 | 1,549 |
| Total Deferred Outflow of Resources | - | 595 | 139 | - | 10,841 | 11,575 | 18,082 |
| **Liabilities** | | | | | | | |
| Current Liabilities: | | | | | | | |
| Bonds and notes payable (Notes 1 & 6) | 45,298 | 31,050 | 1,580 | - | 34,647 | 112,575 | 81,570 |
| Accrued interest payable | 13,335 | 5,051 | 448 | - | 466 | 19,300 | 12,696 |
| Total Current Liabilities | 58,633 | 36,101 | 2,028 | - | 35,113 | 131,875 | 94,266 |
| Noncurrent Liabilities: | | | | | | | |
| Bonds and notes payable (Notes 1 & 6) | 1,385,452 | 837,788 | 69,382 | - | 26,500 | 2,319,122 | 1,884,954 |
| Escrow deposits (Notes 1 & 4) | - | - | - | - | 127,326 | 127,326 | 104,069 |
| Derivative instrument - interest rate swaps (Notes 1 & 7) | - | 595 | 139 | - | - | 734 | 2,590 |
| Net pension liability (Note 9) | - | - | - | - | 1,084 | 1,084 | 3,836 |
| Net OPEB liability (Note 9) | - | - | - | - | 2,402 | 2,402 | 1,841 |
| Other liabilities | 322 | 1,354 | 19 | 529,763 | 60,045 | 591,503 | 74,980 |
| Total Noncurrent Liabilities | 1,385,774 | 839,737 | 69,540 | 529,763 | 217,357 | 3,042,171 | 2,072,270 |
| Total Liabilities | 1,444,407 | 875,838 | 71,568 | 529,763 | 252,470 | 3,174,046 | 2,166,536 |
| **Deferred Inflow of Resources** | | | | | | | |
| Accumulated change in fair value of hedging derivatives (Notes 1 & 7) | 26,104 | - | - | - | - | 26,104 | 22,434 |
| Deferred inflow of resources - pension (Note 9) | - | - | - | - | 5,791 | 5,791 | 8,030 |
| Deferred inflow of resources - OPEB (Note 9) | - | - | - | - | 1,608 | 1,608 | 1,965 |
| Total Deferred Inflow of Resources | 26,104 | - | - | - | 7,399 | 33,503 | 32,429 |
| **Net Position** | | | | | | | |
| Net investment in capital assets | - | - | - | - | 17,297 | 17,297 | 17,101 |
| Restricted by bond resolutions (Note 8) | 242,163 | 284,588 | 12,626 | - | - | 539,377 | 527,176 |
| Restricted by contractual agreements (Note 8) | - | - | - | 33,845 | 350,700 | 384,545 | 327,142 |
| Unrestricted (Note 8) | - | - | - | - | 22,978 | 22,978 | 18,684 |
| Total Net Position | $242,163 | $284,588 | $12,626 | $33,845 | $390,975 | $964,197 | $890,103 |

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

## Combining Statements of Revenues, Expenses And Change in Net Position For the Year Ended June 30, 2024 with comparative totals for the year ended June 30, 2023

**(Thousands of Dollars)**

| | Single Family Bonds | Housing Revenue Bonds | Multifamily Housing Bonds | State of Wisconsin Programs | General Fund | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|---|
| Mortgage income (Note 1) | $8,510 | $38,749 | $3,378 | $197 | $22,995 | $73,829 | $59,912 |
| Investment interest (Note 1) | 7,475 | 15,516 | 902 | 19,622 | 11,880 | 55,395 | 24,805 |
| Net decrease in fair value of investments | - | - | - | - | - | - | (1) |
| Mortgage-backed securities investment income | 41,860 | 1,242 | - | - | 3,874 | 46,976 | 31,853 |
| Net decrease in fair value of mortgage-backed securities | (25,669) | 402 | - | - | (662) | (25,929) | (43,772) |
| Interest expense (Note 1) | (29,125) | (30,770) | (2,478) | - | (6,551) | (68,924) | (48,862) |
| Debt financing costs | (4,656) | (1,145) | - | - | - | (5,801) | (2,388) |
| Net Investment (Loss) Income | (1,605) | 23,994 | 1,802 | 19,819 | 31,536 | 75,546 | 21,547 |
| Mortgage service fees | - | - | 52 | 1 | 9,652 | 9,705 | 8,433 |
| Pass-through subsidy revenue (Note 1) | - | 959 | - | - | 228,037 | 228,996 | 212,793 |
| Grant Income | - | - | - | - | 18,016 | 18,016 | 11,482 |
| Other income (Note 1) | 864 | 165 | - | 9 | 18,954 | 19,992 | 17,015 |
| Net Investment and Other Income | (741) | 25,118 | 1,854 | 19,829 | 306,195 | 352,255 | 271,270 |
| Direct loan program expense | 1,845 | 2,891 | 87 | - | 13,748 | 18,571 | 13,339 |
| Pass-through subsidy expense (Note 1) | - | 959 | - | - | 228,037 | 228,996 | 212,793 |
| Grants and services | - | - | - | - | 3,107 | 3,107 | 2,750 |
| General and administrative expenses | 5,151 | 2,196 | 28 | 861 | 19,180 | 27,416 | 26,654 |
| Other expense (Note 1) | - | - | - | - | 71 | 71 | 53 |
| Total Expenses | 6,996 | 6,046 | 115 | 861 | 264,143 | 278,161 | 255,589 |
| Change in Net Position | (7,737) | 19,072 | 1,739 | 18,968 | 42,052 | 74,094 | 15,681 |
| Net Position, Beginning of Year | 249,900 | 265,516 | 11,760 | 14,869 | 348,058 | 890,103 | 874,422 |
| Transfers between programs (Note 8) | - | - | (873) | 8 | 865 | - | - |
| Net Position, End of Year | $242,163 | $284,588 | $12,626 | $33,845 | $390,975 | $964,197 | $890,103 |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Cash Flows
### For the Year Ended June 30, 2024
### with comparative totals for the year ended June 30, 2023
**(Thousands of Dollars)**

| | Single Family Bonds | Housing Revenue Bonds | Multifamily Housing Bonds | State of Wisconsin Programs | General Fund | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|---|
| Cash Flows from Operating Activities: | | | | | | | |
| Cash received from interest on mortgage loans | $8,600 | $38,398 | $3,386 | $173 | $22,255 | $72,812 | $59,656 |
| Cash received from mortgage payments | 22,317 | 116,565 | 2,066 | 663 | 60,020 | 201,631 | 177,835 |
| Cash received from other fees and other income | 914 | 165 | 52 | 525,010 | 45,559 | 571,700 | 40,587 |
| Cash paid to purchase mortgage loans | 333 | (157,322) | - | (6,254) | (116,267) | (279,510) | (292,540) |
| Cash received from (paid to) escrow and other agency deposits, net | - | - | - | - | 23,257 | 23,257 | (164) |
| Cash paid to employees | (4,121) | (1,757) | (23) | (689) | (15,347) | (21,937) | (20,356) |
| Cash paid to vendors | (2,883) | (2,352) | (62) | (183) | (30,014) | (35,494) | 3,201 |
| Transfers between programs and change in interfunds | 162 | (3,180) | (876) | 209 | 3,685 | - | - |
| Net Cash Provided by (Used in) Operating Activities | 25,322 | (9,483) | 4,543 | 518,929 | (6,852) | 532,459 | (31,781) |
| Cash Flows from Non-Capital Financing Activities: | | | | | | | |
| Proceeds from issuance of bonds and notes | 576,684 | 92,600 | - | - | 106,605 | 775,889 | 329,746 |
| Repayments on bonds and notes | (98,000) | (97,745) | (2,035) | - | (108,527) | (306,307) | (245,200) |
| Interest paid on bonds, notes and escrows | (28,049) | (29,618) | (2,488) | - | (6,575) | (66,730) | (53,126) |
| Bond premium | (4,656) | (1,145) | - | - | - | (5,801) | (2,323) |
| Net Cash Provided by (Used in) Non-Capital Financing Activities | 445,979 | (35,908) | (4,523) | - | (8,497) | 397,051 | 29,097 |
| Cash Flows from Investing Activities: | | | | | | | |
| Purchases of investments | (491,240) | (29,565) | - | - | (306,846) | (827,651) | (461,657) |
| Proceeds from sales and maturities of investments | 106,158 | 128,407 | - | - | 255,477 | 490,042 | 354,066 |
| Investment interest received | 47,216 | 15,801 | 892 | 17,289 | 15,657 | 96,855 | 54,836 |
| Net Cash (Used in) Provided by Investing Activities | (337,866) | 114,643 | 892 | 17,289 | (35,712) | (240,754) | (52,755) |
| Cash Flows from Capital Financing Activities: | | | | | | | |
| Purchase of capital assets | - | - | - | - | (287) | (287) | (104) |
| Net Cash Used in Capital Financing Activities | - | - | - | - | (287) | (287) | (104) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 133,435 | 69,252 | 912 | 536,218 | (51,348) | 688,469 | (55,543) |
| Cash and Cash Equivalents, Beginning of Year | 115,900 | 117,919 | 16,554 | 18,383 | 307,016 | 575,772 | 631,315 |
| Cash and Cash Equivalents, End of Year | $249,335 | $187,171 | $17,466 | $554,601 | $255,668 | $1,264,241 | $575,772 |

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

## Combining Statements of Cash Flows
## For the Year Ended June 30, 2024
## with comparative totals for the year ended June 30, 2023
**(Thousands of Dollars)**

| | Single Family Bonds | Housing Revenue Bonds | Multifamily Housing Bonds | State of Wisconsin Programs | General Fund | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|---|
| Reconciliation of Change in Net Position to Net Cash Provided by (Used in) | | | | | | | |
| Operating Activities: | | | | | | | |
| Change in Net Position | ($7,737) | $19,072 | $1,739 | $18,968 | $42,052 | $74,094 | 15,681 |
| Adjustments to Reconcile Change in Net Position to Net | | | | | | | |
| Cash Provided by (Used in) Operating Activities: | | | | | | | |
| Net decrease (increase) in fair value of | | | | | | | |
| investments and mortgage-backed securities | 25,668 | (402) | - | - | 663 | 25,929 | 43,773 |
| Provision for loan loss | - | 2,073 | - | - | 585 | 2,658 | 4,263 |
| Interest expense | 29,125 | 30,770 | 2,478 | - | 6,551 | 68,924 | 48,862 |
| Income on investments and mortgage backed securities | (49,336) | (16,757) | (902) | (19,622) | (15,754) | (102,371) | (56,658) |
| Depreciation and amortization | - | - | - | - | 3,657 | 3,657 | 3,269 |
| Decrease (Increase) in mortgage loans | | | | | | | |
| receivable and real estate held | 22,650 | (42,830) | 2,066 | (5,590) | (56,832) | (80,536) | (118,966) |
| Increase (Decrease) in escrows | - | - | - | - | 23,257 | 23,257 | (164) |
| Other | 4,952 | (1,409) | (838) | 525,173 | (11,031) | 516,847 | 28,159 |
| Net Cash Provided by (Used in) Operating Activities | $25,322 | ($9,483) | $4,543 | $518,929 | ($6,852) | $532,459 | ($31,781) |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Net Position - Home Ownership Mortgage Loan Program
### June 30, 2024
### with comparative totals for June 30, 2023
**(Thousands of Dollars)**

| | Single Family Bonds | | | Total | |
|---|---|---|---|---|---|
| | 1987 | 1988 | 2009 | 2024 | 2023 |
| **Assets** | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents (Notes 1 & 4) | $49,303 | $197,110 | $2,922 | $249,335 | $115,900 |
| Investments (Notes 1 & 4) | - | - | - | - | - |
| Investment interest receivable | 187 | 533 | 12 | 732 | 455 |
| Mortgage-backed securities investment interest receivable | 1,640 | 2,853 | 93 | 4,586 | 2,743 |
| Mortgage loans receivable, net (Notes 1 & 5) | 5,696 | 7,408 | - | 13,104 | 13,627 |
| Mortgage interest receivable | 313 | 400 | - | 713 | 803 |
| Accounts receivable | 75 | 15 | - | 90 | 138 |
| Prepaid expense | 5 | 4 | - | 9 | 9 |
| Interfunds | (5,138) | (3,805) | (4,099) | (13,042) | (12,880) |
| Total Current Assets | 52,081 | 204,518 | (1,072) | 255,527 | 120,795 |
| Noncurrent Assets: | | | | | |
| Investments (Notes 1 & 4) | - | 10 | - | 10 | 17 |
| Mortgage-backed securities (Notes 1 & 4) | 552,864 | 718,820 | 32,807 | 1,304,491 | 945,071 |
| Mortgage loans receivable, net (Notes 1 & 5) | 54,854 | 71,688 | - | 126,542 | 148,668 |
| Derivative instrument - interest rate swaps (Notes 1 & 7) | 15,746 | 10,358 | - | 26,104 | 22,434 |
| Other assets (Note 1) | - | - | - | - | - |
| Total Noncurrent Assets | 623,464 | 800,876 | 32,807 | 1,457,147 | 1,116,190 |
| Total Assets | 675,545 | 1,005,394 | 31,735 | 1,712,674 | 1,236,985 |
| **Deferred Outflow of Resources** | | | | | |
| Accumulated change in fair value of hedging derivatives (Notes 1 & 7) | - | - | - | - | - |
| **Liabilities** | | | | | |
| Current Liabilities: | | | | | |
| Bonds and notes payable (Notes 1 & 6) | 30,276 | 15,022 | - | 45,298 | 35,293 |
| Accrued interest payable | 4,598 | 8,660 | 77 | 13,335 | 7,848 |
| Total Current Liabilities | 34,874 | 23,682 | 77 | 58,633 | 43,141 |
| Noncurrent Liabilities: | | | | | |
| Bonds and notes payable (Notes 1 & 6) | 552,752 | 801,437 | 31,263 | 1,385,452 | 921,181 |
| Escrow deposits (Notes 1 & 4) | - | - | - | - | - |
| Derivative instrument - interest rate swaps (Notes 1 & 7) | - | - | - | - | - |
| Other liabilities | 126 | 196 | - | 322 | 329 |
| Total Noncurrent Liabilities | 552,878 | 801,633 | 31,263 | 1,385,774 | 921,510 |
| Total Liabilities | 587,752 | 825,315 | 31,340 | 1,444,407 | 964,651 |
| **Deferred Inflow of Resources** | | | | | |
| Accumulated change in fair value of hedging derivatives (Notes 1 & 7) | 15,746 | 10,358 | - | 26,104 | 22,434 |
| **Net Position** | | | | | |
| Net investment in capital assets | - | - | - | - | - |
| Restricted by bond resolutions (Note 8) | 72,047 | 169,721 | 395 | 242,163 | 249,900 |
| Restricted by contractual agreements (Note 8) | - | - | - | - | - |
| Unrestricted (Note 8) | - | - | - | - | - |
| Total Net Position | $72,047 | $169,721 | $395 | $242,163 | $249,900 |

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

### Combining Statements of Revenues, Expenses And Change in Net Position - Home Ownership Mortgage Loan Program For the Year Ended June 30, 2024 with comparative totals for the year ended June 30, 2023

**(Thousands of Dollars)**

| | Single Family Bonds | | | Total | |
|---|---|---|---|---|---|
| | 1987 | 1988 | 2009 | 2024 | 2023 |
| Mortgage income (Note 1) | $3,698 | $4,812 | - | $8,510 | $9,874 |
| Investment interest (Note 1) | 2,650 | 4,703 | 122 | 7,475 | 5,015 |
| Net (decrease) increase in fair value of investments | - | - | - | - | (1) |
| Mortgage-backed securities investment income | 19,735 | 20,956 | 1,169 | 41,860 | 30,863 |
| Net decrease in fair value of mortgage-backed securities | (9,854) | (15,410) | (405) | (25,669) | (42,981) |
| Interest expense (Note 1) | (11,832) | (16,404) | (889) | (29,125) | (20,417) |
| Debt financing costs | - | (4,656) | - | (4,656) | (738) |
| Net Investment (Loss) Income | 4,397 | (5,999) | (3) | (1,605) | (18,385) |
| Mortgage service fees | - | - | - | - | - |
| Pass-through subsidy revenue (Note 1) | - | - | - | - | - |
| Other income (Note 1) | 486 | 344 | 34 | 864 | 1,093 |
| Net Investment and Other Income | 4,883 | (5,655) | 31 | (741) | (17,292) |
| Direct loan program expense | 841 | 1,003 | 1 | 1,845 | 1,954 |
| Pass-through subsidy expense (Note 1) | - | - | - | - | - |
| Grants and services | - | - | - | - | - |
| General and administrative expenses | 2,453 | 2,414 | 284 | 5,151 | 4,889 |
| Total Expenses | 3,294 | 3,417 | 285 | 6,996 | 6,843 |
| Change in Net Position | 1,589 | (9,072) | (254) | (7,737) | (24,135) |
| Net Position, Beginning of Year | 70,609 | 178,759 | 532 | 249,900 | 274,033 |
| Transfers between programs (Note 1) | (151) | 34 | 117 | - | 2 |
| Net Position, End of Year | $72,047 | $169,721 | $395 | $242,163 | $249,900 |

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

## Combining Statements of Cash Flows - Home Ownership Mortgage Loan Program
## For the Year Ended June 30, 2024
## with comparative totals for the year ended June 30, 2023
**(Thousands of Dollars)**

| | Single Family Bonds 1987 | Single Family Bonds 1988 | Single Family Bonds 2009 | Total 2024 | Total 2023 |
|---|---|---|---|---|---|
| Cash Flows from Operating Activities: | | | | | |
| Cash received from interest on mortgage loans | $3,757 | $4,843 | - | $8,600 | $10,061 |
| Cash received from mortgage payments | 9,300 | 13,017 | - | 22,317 | 26,741 |
| Cash received from other fees and other income | 443 | 437 | 34 | 914 | 1,134 |
| Cash payments to purchase mortgage loans | 110 | 223 | - | 333 | 383 |
| Cash from escrow deposits, net | - | - | - | - | - |
| Cash payments to employees | (1,963) | (1,931) | (227) | (4,121) | (3,911) |
| Cash payments to vendors | (1,330) | (1,495) | (58) | (2,883) | (2,998) |
| Transfers between programs and change in interfunds | (121) | 62 | 221 | 162 | 242 |
| Net Cash Provided by (Used in) Operating Activities | 10,196 | 15,156 | (30) | 25,322 | 31,652 |
| Cash Flows from Non-Capital Financing Activities: | | | | | |
| Proceeds from issuance of bonds and notes | - | 576,684 | - | 576,684 | 76,676 |
| Repayments on bonds and notes | (57,835) | (36,480) | (3,685) | (98,000) | (127,496) |
| Interest paid on bonds, notes and escrows | (15,216) | (11,936) | (897) | (28,049) | (25,636) |
| Bond issuance costs | - | (4,656) | - | (4,656) | (673) |
| Net Cash (Used in) Provided by Non-Capital Financing Activities | (73,051) | 523,612 | (4,582) | 445,979 | (77,129) |
| Cash Flows from Investing Activities: | | | | | |
| Purchases of investments | (30,173) | (461,067) | - | (491,240) | (148,983) |
| Proceeds from sales and maturities of investments | 62,792 | 39,413 | 3,953 | 106,158 | 96,644 |
| Investment interest received | 22,456 | 23,463 | 1,297 | 47,216 | 35,196 |
| Net Cash Provided by (Used in) Investing Activities | 55,075 | (398,191) | 5,250 | (337,866) | (17,143) |
| Cash Flows from Capital Financing Activities: | | | | | |
| Purchases of capital assets, net of sales | - | - | - | - | - |
| Net Cash Provided by Capital Financing Activities | - | - | - | - | - |
| Net (Decrease) Increase in Cash and Cash Equivalents | (7,780) | 140,577 | 638 | 133,435 | (62,620) |
| Cash and Cash Equivalents, Beginning of Year | 57,083 | 56,533 | 2,284 | 115,900 | 178,520 |
| Cash and Cash Equivalents, End of Year | $49,303 | $197,110 | $2,922 | $249,335 | $115,900 |

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

## Combining Statements of Cash Flows - Home Ownership Mortgage Loan Program
## For the Year Ended June 30, 2024
## with comparative totals for the year ended June 30, 2023

**(Thousands of Dollars)**

| | Single Family Bonds | | | Total | |
|---|---|---|---|---|---|
| | 1987 | 1988 | 2009 | 2024 | 2023 |
| Reconciliation of Change in Net Position to Net Cash Provided by (Used in) | | | | | |
| Operating Activities: | | | | | |
| Change in Net Position | $1,589 | ($9,072) | ($254) | ($7,737) | ($24,135) |
| Adjustments to Reconcile Change in Net Position to Net Cash Provided by (Used in) | | | | | |
| Operating Activities: | | | | | |
| Net decrease in fair value of investments | | | | | |
| and mortgage-backed securities | 9,854 | 15,409 | 405 | 25,668 | 42,982 |
| Provision for loan loss | - | - | - | - | - |
| Interest expense | 11,832 | 16,404 | 889 | 29,125 | 20,417 |
| Income on investments and mortgage backed securities | (22,386) | (25,659) | (1,291) | (49,336) | (35,878) |
| Depreciation and amortization | - | - | - | - | - |
| Decrease in mortgage loans | | | | | |
| receivable and real estate held | 9,410 | 13,240 | - | 22,650 | 27,125 |
| Other | (103) | 4,834 | 221 | 4,952 | 1,141 |
| Net Cash Provided by (Used in) Operating Activities | $10,196 | $15,156 | ($30) | $25,322 | $31,652 |