

**ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY**

**FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024
WITH INDEPENDENT AUDITOR'S REPORT**

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
YEAR ENDED DECEMBER 31, 2024

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Independent Auditor's Report

To the Board of Directors
Allegheny County Residential Finance Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of each major fund and aggregate remaining fund information of Allegheny County Residential Finance Authority (Authority), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Authority as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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.



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Allegheny County Residential Finance Authority
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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Pittsburgh, Pennsylvania
April 8, 2025

Zelenkofske Axlerod LLC

Zelenkofske Axlerod, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2024

The Residential Finance Authority of Allegheny County (Authority) Management's Discussion and Analysis (MD&A) is designated to provide an overview of the Authority's financial activities for the year ended December 31, 2024 and should be read in conjunction with the Authority's financial statements, which begin on page 8.

Financial Highlights

- The Authority's net position increased by \$449,213 during the current year.
- The Authority has approximately \$20.9 million in net position restricted for loan programs available to fulfill its mission to provide safe, decent, and affordable housing to low and moderate-income residents of Allegheny County.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of two parts: 1) fund financial statements and 2) notes to financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Authority's funds are proprietary funds.

The Statement of Net Position, found on page 8, provides information about the Authority's financial position of the various enterprise funds using the accrual basis of accounting. It includes all of the Authority's assets and liabilities and indicates which assets, if any, are restricted as to use. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The Statement of Revenues, Expenses, and Changes in Net Position, on page 9, reports all the Authority's earnings and expenses by business-type activity using the accrual basis of accounting.

The Statement of Cash Flows, on page 10, indicates how much cash was provided and used by operating activities as well as other cash sources and uses such as investing and financing activities.

Proprietary Funds

The Authority maintains one type of proprietary fund. Enterprise funds are used to report activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The Authority maintains four individual enterprise funds. Information is presented separately in the proprietary funds' statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows for the Administrative Fund and Single Family Mortgage Program Funds, which are considered to be major funds. Data from the other two enterprise funds are combined into a single aggregated presentation and is presented individually in the form of combining statements elsewhere in this report.

Notes to Financial Statements

The notes, which begin on page 11, provide additional information that is essential to a full understanding of data provided in the fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

Other Information

The combining statements referred to earlier in connection with non-major enterprise funds are immediately following the notes to the financial statements, starting on page 19.

Analysis of Net Position

Net position is a useful indicator of a government's financial position. For the Authority, total assets were greater than liabilities by \$20,939,041 for the year ended December 31, 2024 and \$20,489,828 for the year ended December 31, 2023.

Condensed Statements of Net Position

The following is a summary of the Authority's Statements of Net Position as of December 31, 2024 and 2023:

<u>Assets</u>	2024	2023	Change
Cash	\$ 19,926,528	\$ 19,428,837	\$ 497,691
Loans Receivable	1,077,076	1,104,800	(27,724)
Investments	2,001,317	2,428,206	(426,889)
Due from other funds	570,246	571,371	(1,125)
Accrued interest	7,931	9,237	(1,306)
Total Assets	\$ 23,583,098	\$ 23,542,451	\$ 40,647
<u>Liabilities</u>			
Accrued interest	\$ 9,531	\$ 11,727	\$ (2,196)
Accounts payable	1,760	2,005	(245)
Due to other funds	570,246	571,371	(1,125)
Unearned revenue	187,520	187,520	-
Bonds payable	1,875,000	2,280,000	(405,000)
Total Liabilities	\$ 2,644,057	\$ 3,052,623	\$ (408,566)
<u>Net Position</u>			
Restricted	\$ 20,972,065	\$ 20,506,392	\$ 465,673
Unrestricted	(33,024)	(16,564)	(16,460)
Total Net Position	\$ 20,939,041	\$ 20,489,828	\$ 449,213

Changes in Net Position

The Authority's net position increased by \$449,213 for the year ended December 31, 2024 and increased by \$409,069 for the year ended December 31, 2023. During the current year, 95.7% of the Authority's operating revenue came from loan and investment interest and 4.3% from other sources. During the prior year, 93.5% of the Authority's operating revenue came from loan and investment interest and 6.5% from other sources.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

The following summarizes the Authority's Statements of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2024 and 2023.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

Operating Revenues	2024	2023	Change
Loan and investment interest	\$ 110,130	\$ 131,848	\$ (21,718)
Fees and charges	3,584	5,446	(1,862)
Other	1,315	3,777	(2,462)
Total operating revenues	115,029	141,071	(26,042)
Operating Expenses			
Legal expenses	10,560	10,560	-
Professional services	43,116	71,089	(27,973)
Other	16,430	4,687	11,743
Administration	332,114	306,976	25,138
Total operating expenses	402,220	393,312	8,908
Operating Income (Loss)	(287,191)	(252,241)	(34,950)
Non-operating Revenues			
Investment earnings	808,681	732,787	75,894
Bond interest	(70,360)	(79,538)	9,178
Realized gains (losses) on securities	(1,917)	(1,927)	10
Net change in fair value of investments	-	9,988	(9,988)
Total non-operating revenues	736,404	661,310	75,094
Net Income (Loss)	449,213	409,069	40,144
Net Position			
Beginning of year	20,489,828	20,080,759	409,069
End of year	<u>\$ 20,939,041</u>	<u>\$ 20,489,828</u>	<u>\$ 449,213</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

Financial Analysis of Individual Funds

The following discussion focuses on the Authority's major funds.

The Administrative Fund reported a net position of (\$33,024), a decrease of \$16,460 from the prior year, primarily due to operating expenses, as this Fund had minimal revenue.

The Single Family Mortgage Program Funds reports a net position of \$19,951,419, an increase of \$453,536 from the prior year, primarily due to earnings on investments.

Long-Term Debt

The Authority continued to make principal and interest payments on its existing long-term debt as scheduled and made accelerated payments on the Series BBB of 2017. No new bonds were issued during the year. The Authority's long-term debt payments are accelerated when payments on the underlying mortgages for the mortgage-backed securities (i.e. GNMA and FNMA) exceed scheduled payments. As of December 31, 2024 and 2023, the outstanding long-term debt for the Single Family Mortgage Revenue Bonds Series BBB of 2017 was \$1,875,000 and \$2,280,000, respectively.

Requests for Information

The financial report is designed to provide an overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Fiscal Manager of Operations; Koppers Building, 436 Seventh Avenue, Suite 500, Pittsburgh, PA 15219.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2024

<u>Assets</u>	Administrative Fund	Single Family Mortgage Program Funds	Other Proprietary Funds	Total
Cash and cash equivalents	\$ 643,182	\$ 18,782,738	\$ 500,608	\$ 19,926,528
Due from other funds	-	-	570,246	570,246
Investments for:				
GNMA and FNMA securities	-	2,001,317	-	2,001,317
Residential loans	-	1,031,960	33,112	1,065,072
Mortgage loans	-	12,004	-	12,004
Accrued interest:				
GNMA and FNMA	-	7,931	-	7,931
Total Assets	\$ 643,182	\$ 21,835,950	\$ 1,103,966	\$ 23,583,098
<u>Liabilities and Net Position</u>				
Liabilities				
Accrued interest	\$ -	\$ 9,531	\$ -	\$ 9,531
Accounts payable	1,760	-	-	1,760
Due to other funds	570,246	-	-	570,246
Unearned revenue	104,200	-	83,320	187,520
Current portion of bonds payable	-	375,000	-	375,000
Long-term portion of bonds payable	-	1,500,000	-	1,500,000
Total Liabilities	676,206	1,884,531	83,320	2,644,057
Net Position				
Restricted for loan programs	-	19,951,419	1,020,646	20,972,065
Unrestricted	(33,024)	-	-	(33,024)
Total Net Position	(33,024)	19,951,419	1,020,646	20,939,041
Total Liabilities and Net Position	\$ 643,182	\$ 21,835,950	\$ 1,103,966	\$ 23,583,098

See accompanying notes to the financial statements.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

<u>Operating Revenues</u>	Administrative Fund	Single Family Mortgage Program Funds	Other Proprietary Funds	Total
Interest:				
Loan	\$ -	\$ 4,188	\$ -	\$ 4,188
GNMA and FNMA	-	105,942	-	105,942
Total interest	-	110,130	-	110,130
Fees and charges	3,584	-	-	3,584
Other income	190	1,125	-	1,315
Total operating revenues	<u>3,774</u>	<u>111,255</u>	<u>-</u>	<u>115,029</u>
<u>Operating Expenses</u>				
Legal expenses	10,560	-	-	10,560
Professional services	19,697	23,419	-	43,116
Other expenses	15,721	-	709	16,430
Administration	330,000	2,114	-	332,114
Total operating expenses	<u>375,978</u>	<u>25,533</u>	<u>709</u>	<u>402,220</u>
Operating Income (Loss)	<u>(372,204)</u>	<u>85,722</u>	<u>(709)</u>	<u>(287,191)</u>
<u>Non-Operating Revenues (Expenses)</u>				
Investment earnings	25,744	770,091	12,846	808,681
Bond interest	-	(70,360)	-	(70,360)
Realized gain (loss) on securities	-	(1,917)	-	(1,917)
Transfers in	330,000	-	-	330,000
Transfers out	-	(330,000)	-	(330,000)
Total non-operating revenues (expenses)	<u>355,744</u>	<u>367,814</u>	<u>12,846</u>	<u>736,404</u>
Change in Net Position	<u>(16,460)</u>	<u>453,536</u>	<u>12,137</u>	<u>449,213</u>
<u>Net Position</u>				
Beginning of year	(16,564)	19,497,883	1,008,509	20,489,828
End of year	<u>\$ (33,024)</u>	<u>\$ 19,951,419</u>	<u>\$ 1,020,646</u>	<u>\$ 20,939,041</u>

See accompanying notes to the financial statements.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Administrative Fund	Single Family Mortgage Program Funds	Other Proprietary Funds	Total
Cash Flows From Operating Activities:				
Cash received for fees and charges	\$ 4,899	\$ 1,125	\$ -	\$ 6,024
Cash received on asset-backed securities - principal	-	426,889	-	426,889
Cash received on asset-backed securities - interest	-	107,248	-	107,248
Cash received on loans - principal	-	15,844	11,880	27,724
Cash received on loans - interest	-	4,188	-	4,188
Cash paid to Allegheny County	(330,000)	-	-	(330,000)
Cash paid to vendors	(46,223)	(26,658)	(709)	(73,590)
Net cash provided by (used in) operating activities	(371,324)	528,636	11,171	168,483
Cash Flows From Financing Activities:				
Bond/note principal repayments	-	(405,000)	-	(405,000)
Interest paid	-	(74,473)	-	(74,473)
Transfers in	330,000	-	-	330,000
Transfers out	-	(330,000)	-	(330,000)
Net cash provided by (used in) financing activities	330,000	(809,473)	-	(479,473)
Cash Flows From Investing Activities:				
Interest income received	25,744	770,091	12,846	808,681
Net cash provided by investing activities	25,744	770,091	12,846	808,681
Net Increase (Decrease) in Cash and Cash Equivalents	(15,580)	489,254	24,017	497,691
Cash and Cash Equivalents:				
Beginning of year	658,762	18,293,484	476,591	19,428,837
End of year	\$ 643,182	\$ 18,782,738	\$ 500,608	\$ 19,926,528
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Operating income (loss)	\$ (372,204)	\$ 85,722	\$ (709)	\$ (287,191)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Loan principal repayments made	-	15,844	11,880	27,724
Change in:				
Accounts payable	(245)	-	-	(245)
GNMA and FNMA securities	-	426,889	-	426,889
Due to/from other funds	1,125	(1,125)	-	-
Accrued interest receivable	-	1,306	-	1,306
Net cash provided by (used in) operating activities	\$ (371,324)	\$ 528,636	\$ 11,171	\$ 168,483

See accompanying notes to the financial statements.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

NOTE 1 ORGANIZATION AND PURPOSE

The purpose of the Allegheny County Residential Finance Authority (Authority) is to broaden and stimulate the market for housing and otherwise improve the quality of life for residents of Pennsylvania. The Authority's principal means of promoting this purpose is through programs that offer below-market interest rate financing for the acquisition of newly constructed or existing housing in the area encompassing the County of Allegheny (County), with the exception of the City of Pittsburgh. The Authority has offered such financing both directly, by issuing mortgage loans, and indirectly, by acquiring Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA) mortgage-backed securities originated specifically through Authority programs.

The Authority issues revenue bonds to enable funding of these programs. Each bond series is payable from receipts derived by the Authority from the corresponding program. In addition, substantially all other Authority assets are secured and are restricted to use for specified programs or debt service until the related debt is retired.

The Authority is a public instrumentality and body corporate and politic of the Commonwealth of Pennsylvania (Commonwealth) established in 1981 pursuant to the Second Class County Code of The Commonwealth.

The County Executive appoints a Board of Directors (Board), comprised of up to twelve County residents, which governs the Authority. The County has not included the Authority in its reporting entity because the County's accountability for the Authority does not extend beyond making these appointments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority has various programs that are reported as separate Enterprise funds. The Authority accounts for its programs on the accrual basis of accounting in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statements. Accordingly, revenues are recorded when earned, and expenses are recorded when incurred.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of interest of investments and loans and fees. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions, such as capital contributions, grants, or ancillary activities.

Description of Funds

These financial statements include all activities of the Authority using a fund accounting basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual net position, and changes therein, which are segregated for the purpose of carrying on activities in accordance with regulations, contractual restrictions, or other limitations.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Authority reports the following major proprietary funds:

Administrative Fund – The Administrative Fund accounts for centralized administrative support provided by the Authority to its enterprise funds. Administrative expenses include support services provided by the County's Department of Economic Development.

Single Family Mortgage Program Funds – Each Single Family Mortgage Fund was established by the issuance of mortgage revenue bonds for the purpose of enabling the Authority to offer financing for the acquisition of newly constructed or existing single family housing. The Authority offered financing directly for Single Family Services B, C, and D in the form of mortgage loans. These mortgage loans are recorded in the Bond Defeasance Fund. The Bond Defeasance Fund includes assets and related liabilities for the single-family program where the related indebtedness has been retired. The remaining Series entail indirect financing through the acquisition of GNMA and FNMA mortgage-backed securities, which originated specifically for Authority programs. In both cases, the financings are characterized by interest rates below the rate prevailing in the market at the time of the program.

In addition, the Authority reports the following non-major proprietary funds:

Community Development Fund – The Community Development Fund accounts for the revenues and expenses of community development block grant programs undertaken for the purpose of providing down-payment assistance to eligible residents of the County.

Housing Development Fund – The Housing Development Fund accounts for collections of loans and grant funds on behalf of the County, which were previously collected by the Housing Development Corporation (HDC). HDC was dissolved in 1994, and the assets of HDC were transferred to the County. In 1994, the Authority began collecting the loan and grant funds. The funds are held by the Authority in the Housing Development Fund, pending a disbursement request by the County for use as permitted under the terms of the original grant agreements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid instruments with original maturities of three months or less.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GNMA and FNMA Securities

The GNMA and FNMA Securities are mortgage-backed securities guaranteed by the GNMA or FNMA, respectively. GNMA is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development. FNMA is a federally chartered, stockholder-owned corporation.

These securities are categorized by their 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 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Unearned Revenue and Expenses

The inception of Single Family Mortgage Programs can entail several types of transactions for which related revenue or expense recognition is deferred. Mortgage and GNMA inception can entail origination and commitment fees received by the Authority that recorded as unearned revenues.

Program revenue, restricted as to its use by grant agreements, is recognized in the proprietary funds to the extent allowable expenses are incurred. Any excess of program income over expenses is recorded as unearned revenues.

Net Position Components

Net position is classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets. There was not any net investment in capital assets at year-end.

Restricted – This component of net position consists of constraints placed on net position use through external restrictions imposed by creditors (such as restrictions on usage by bond issuance). The Authority reports net position restricted for its lending and lending support programs at year-end.

Unrestricted – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets”. The net position of the Administrative Fund was unrestricted at year-end.

When an expense is incurred, for purposes in which there are both restricted and unrestricted net position available, it is the Authority’s policy to apply those expenses first to restricted net position, to the extent that such is available, and then to the unrestricted net position.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivable and Payables

Transactions between funds that are representative of lending or borrowing arrangements outstanding at the end of the year. These balances are referred to as “due to/from other funds” on the Statement of Net Position.

Adopted Pronouncements

The following GASB Statements were adopted for the year ended December 31, 2024: Nos. 100 (Accounting Changes and Error Corrections) and 101 (Compensated Absences). These statements had no significant impact on the Authority’s financial statements for the year ended December 31, 2024.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 102 (Certain Risk Disclosures), 103 (Financial Reporting Model Improvements), and 104 (Disclosure of Certain Capital Assets). Management has not yet determined the impact of these statements on the financial statements.

NOTE 3 DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for Authority investment of governmental funds into certain authorized investment types, including insured or collateralized time deposits and certificates of deposit. The statutes allow the pooling of governmental funds for investment purposes. The Trustee for each bond series is responsible for investing funds pursuant to restrictions designed to mitigate the risk of investing funds, including monitoring entities that have provided guaranteed investment contracts.

The deposit and investment policy of the Authority adheres to state statutes. Deposits are either maintained in demand deposits or money market accounts. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Authority.

GASB Statement No. 40, “*Deposit and Investment Risk Disclosures*”, requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the Authority’s deposit and investment risks:

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2024, \$643,790 of the Authority’s bank balance of \$1,143,790 was exposed to custodial credit risk as of December 31, 2024. However, this balance is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have collateral held by an approved custodian in the institution to pool collateral for all governmental deposits and have collateral held by an approved custodian in the institution’s name.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The Authority also has deposits in various short-term investment vehicles, primarily money market accounts in the approximate amount of \$18.8 million. These funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Interest Rate Risk – Investments – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the investments held by the Authority are primarily comprised of assets securitized in the secondary market from loans issues from the various single family loan programs. The maturities notes in the table below reflect the final maturity of the respective security and do not take into consideration routine repayments on principal as the underlying assets pay down, as it is not possible to forecast these repayments. It is management's intention to hold these securities until maturity. Interest rates on these investments are fixed, and principal and interest repayments from these investments will be used to repay the related debt service.

	Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years
FNMA	\$ 286,187	\$ -	\$ -	\$ 147,117	\$ 99,674	\$ 39,396
GNMA	1,715,130	766	448,147	729,446	392,320	144,451
	<u>\$ 2,001,317</u>	<u>\$ 766</u>	<u>\$ 448,147</u>	<u>\$ 876,563</u>	<u>\$ 491,994</u>	<u>\$ 183,847</u>

Credit Risk – The Authority does not have a formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2024, the Authority's investments are unrated.

Fair Value – Investments – The Authority's investments in FNMA and GNMA securities are priced by third-party pricing services using observable market data and are included in the Level 2 fair value hierarchy.

NOTE 4 SINGLE FAMILY PROGRAM MORTGAGE LOANS

The Authority issued Single Family Mortgage Loans for homes in the County, excluding the City of Pittsburgh, pursuant to programs each year from 1982 through 1985. The originating mortgage lender was required to ensure that each loan initiated under these programs, among other conditions, was:

- 1) Secured by a first lien mortgage on an insured title;
- 2) Made substantially in accordance with the current standard overwriting policies of the originating mortgage lender and the program;
- 3) Compliant with the IRS Code 103(b) designating borrower eligibility requirements necessary for tax-exemption of the program's bond interest; and
- 4) For an amount not exceeding 80% of the lesser of fair market value or purchase price, or was insured by a primary mortgage insurance policy that would pay the Authority's principal and accrued interest outstanding as well as certain administrative costs in the event of foreclosure.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 4 SINGLE FAMILY PROGRAM MORTGAGE LOANS (CONTINUED)

These requirements at origination, combined with the efforts to entities contracted to service all outstanding mortgage loans, have allowed the Authority to incur no significant loan losses. The risk of loss is further mitigated by a mortgage pool insurance policy for each program against delinquencies. Based upon payment experience, insurance against losses and the status of loans at year-end, the Authority believes no provision for loan losses is necessary at December 31, 2024.

The total original principal amount was \$139,140,000. The interest rate for Series D is 9.70%. During 1996, the interest rates for Series C (1984) mortgage loans initially bearing interest at 11% and 8% were reduced to 7.75% and 4.75%, respectively. During 1999, the interest rate for Series B (1984) mortgage loans initially bearing interest at 10.25% was reduced to 3.43%.

At December 31, 2024, the Single Family Mortgage Program Funds had \$1,081,960 of residential loans outstanding with an allowance for uncollectible loans receivable of \$50,000. These loans were utilized to create more affordable housing available in Allegheny County as directed by the Authority.

NOTE 5 GNMA AND FNMA SECURITIES

The Single Family Mortgage Program Fund, Series AA&BB purchased GNMA and FNMA mortgage-backed securities during 2009. These securities provide payment of principal and interest and are backed by pools of mortgage loans that have been originated by a number of lending institutions to qualified persons to finance the purchase of single family residential housing with the County, excluding the City of Pittsburgh. These securities are not pledged to any one indenture but are available for repayment of bonds within the single family mortgage program.

NOTE 6 BONDS PAYABLE

The following table shows the changes in long-term debt for the year ended December 31, 2023:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024	Due Within One Year
Proprietary Funds:					
Mortgage Revenue Bonds	\$ 2,280,000	\$ -	\$ (405,000)	\$ 1,875,000	\$ 375,000

The Authority issues mortgage revenue bonds to finance its programs. These bonds are limited obligations of the Authority, secured solely by the assignment and pledge of substantially all of the corresponding mortgage program fund's assets. Because of this secured interest, the Authority is restricted in the use of virtually all assets of the mortgage program funds and has vested the rights and responsibilities of receiving, managing, and disbursing funds with trustees engaged for each bond issue. This restriction causes the net position to be effectively restricted until the corresponding bond issue is retired. The bonds are not obligations of the County, the Commonwealth, or any political subdivision of the Commonwealth.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 6 BONDS PAYABLE (CONTINUED)

Most of the bond issues provide for retirements to be accelerated from the original schedule in the event of prepayments of the underlying mortgages, GNMA or FNMA securities, or if funds are otherwise available as provided in the respective trust indentures. The maturity scheduled presented on the following pages do not contemplate such accelerated retirements or mandatory sinking fund repayments, as these are difficult to predict due to the Authority's practice of calling bonds early.

Annual debt service requirements on outstanding bonds are as follows:

	Principal	Interest	Total
2025	\$ 375,000	\$ 59,830	\$ 434,830
2026	375,000	59,830	434,830
2027	370,000	54,137	424,137
2028	380,000	25,670	405,670
2029	375,000	21,392	396,392
	<u>\$ 1,875,000</u>	<u>\$ 220,859</u>	<u>\$ 2,095,859</u>

Single Family – Series BBB

During December 2017, the Authority issued \$4,510,000 Single Family Mortgage Revenue Bonds as Series BBB. The Series BBB bonds were used for a current refunding of the Series OO and Series PP bonds.

Interest is payable on May 1, 2018 and thereafter semi-annually in May and November, commencing on May 1, 2018. Interest on the Series BBB bonds range from 2.45% to 3.40%. As of December 31, 2024, the Series BBB had principal outstanding of \$1,875,000 with a final maturity in the year 2029.

Original Redemption

The Series BBB maturing on or after November 1, 2026 are redeemable at the option of the Authority on the first business day of each month, in whole or in part, on any date, from any maturities selected by the Authority, at the redemption price of 100% of principal plus accrued interest.

Mandatory Redemption

The Series BBB bonds maturing on November 1, 2027 and November 1, 2029 are subject to mandatory redemption prior to their stated maturity date, in part, at 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption in the manner provided in the Indenture.

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 7 CONDUIT DEBT

During 2013, the Authority served as an issuer of \$4,500,000 of Multi-Family Housing Revenue Bonds, Series 2013 for Rolling Woods Apartments LP. The bond proceeds were provided for the acquisition and rehabilitation of the apartment building. As December 31, 2024, the outstanding balance was \$3,940,000.

During 2007, the Authority served as an issuer of \$1,374,000 of Multi-Family Housing Revenue Bonds, Series B for Allegheny House Apartments. The bond proceeds were provided for a rental housing facility for persons with three or more functional disabilities. At December 31, 2024, the outstanding balance was \$1,070,000.

For each of these projects, the principal and interest on the bonds are to be repaid solely and exclusively by the borrower. The Authority has no-commitment for the debt and does not anticipate acting in any related ongoing administrative capacity. Accordingly, this no-commitment debt is not presented on the face of the Authority's financial statements.

NOTE 8 RELATED PARTIES

The County provides administrative services to the Authority. Administrative costs for 2024 were \$330,000, which are included in the Administrative Fund in the statement of revenues, expenses, and changes in net position.

NOTE 9 INTERFUND BALANCES

Individual fund due to/from balances at December 31, 2024 are:

Fund	Due to	Due From
Administrative Fund	\$ 570,246	\$ -
Community Development Fund	-	50,000
Housing Development Fund	-	520,246
	<u>\$ 570,246</u>	<u>\$ 570,246</u>

Individual fund transfer balances at December 31, 2024 are:

Fund	Transfer Out	Transfer In
Administrative Fund	\$ -	\$ 330,000
Single Family Mortgage Program Funds	330,000	-
	<u>\$ 330,000</u>	<u>\$ 330,000</u>

Funds due to the Community Development Fund and Housing Development Fund reflect balances transferred to the Administrative Fund from these funds with the intention of closing the above referenced funds. As of December 31, 2024, restrictions on these funds have not been lifted. As such, these balances are reflected as due to/from on the Statement of Net Position as of December 31, 2024.

Funds transferred to the Administrative Fund reflect balances transferred for the purpose of paying for administrative fees on behalf of the Single Family Mortgage Program funds.

SUPPLEMENTARY INFORMATION

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
COMBINING STATEMENT OF NET POSITION – OTHER PROPRIETARY FUNDS
DECEMBER 31, 2024

Assets	Community Development Fund	Housing Development Fund	Total
Cash and cash equivalents	\$ 33,869	\$ 466,739	\$ 500,608
Due from other fund	50,000	520,246	570,246
Residential loan	-	33,112	33,112
Total Assets	\$ 83,869	\$ 1,020,097	\$ 1,103,966
Liabilities and Net Position			
Liabilities			
Unearned revenue	\$ 83,320	\$ -	\$ 83,320
Total Liabilities	83,320	-	83,320
Net Position			
Restricted for loan programs	549	1,020,097	1,020,646
Total Net Position	549	1,020,097	1,020,646
Total Liabilities and Net Position	\$ 83,869	\$ 1,020,097	\$ 1,103,966

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – OTHER PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Community Development Fund	Housing Development Fund	Total
Operating Revenues	\$ -	\$ -	\$ -
Operating Expenses			
Other expense	607	102	709
Operating Income (Loss)	(607)	(102)	(709)
Non-Operating Revenues (Expenses)			
Investment earnings	884	11,962	12,846
Total non-operating revenues (expenses)	884	11,962	12,846
Change in Net Position	277	11,860	12,137
Net Position:			
Beginning of year	272	1,008,237	1,008,509
End of year	\$ 549	\$ 1,020,097	\$ 1,020,646

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
COMBINING STATEMENT OF CASH FLOWS – OTHER PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Community Development Fund	Housing Development Fund	Total
Cash Flows From Operating Activities:			
Cash received on loans - principal	\$ -	\$ 11,880	\$ 11,880
Cash paid to vendors	(607)	(102)	(709)
Net cash provided by (used in) operating activities	(607)	11,778	11,171
Cash Flows From Investing Activities:			
Interest income received	884	11,962	12,846
Net cash provided by (used in) investing activities	884	11,962	12,846
Net Increase (Decrease) in Cash and Cash Equivalents	277	23,740	24,017
Cash and Cash Equivalents:			
Beginning of year	33,592	442,999	476,591
End of year	<u>\$ 33,869</u>	<u>\$ 466,739</u>	<u>\$ 500,608</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
Operating income (loss)	\$ (607)	\$ (102)	\$ (709)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Loan principal repayments made	-	11,880	11,880
Net cash provided by (used in) operating activities	<u>\$ (607)</u>	<u>\$ 11,778</u>	<u>\$ 11,171</u>

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
COMBINING STATEMENT OF NET POSITION – SINGLE FAMILY MORTGAGE PROGRAM FUNDS
DECEMBER 31, 2024

Assets	Series T&U	Bond Defeasance Fund	Indenture Related Single Family Funds	Total
Cash and cash equivalents	\$ 1,628,243	\$ 2,743,556	\$ 14,410,939	\$ 18,782,738
Investments for:				
GNMA and FNMA securities	-	-	2,001,317	2,001,317
Residential loan	-	1,031,960	-	1,031,960
Mortgage loans	-	12,004	-	12,004
Accrued interest:				
GNMA and FNMA	-	-	7,931	7,931
Total Assets	\$ 1,628,243	\$ 3,787,520	\$ 16,420,187	\$ 21,835,950
Liabilities and Net Position				
Liabilities				
Accrued interest	\$ -	\$ -	\$ 9,531	\$ 9,531
Due to other funds	-	-	-	-
Current portion of bonds payable	-	-	375,000	375,000
Long-term portion of bonds payable	-	-	1,500,000	1,500,000
Total Liabilities	-	-	1,884,531	1,884,531
Net Position				
Restricted for loan programs	1,628,243	3,787,520	14,535,656	19,951,419
Total Net Position	1,628,243	3,787,520	14,535,656	19,951,419
Total Liabilities and Net Position	\$ 1,628,243	\$ 3,787,520	\$ 16,420,187	\$ 21,835,950

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
SINGLE FAMILY MORTGAGE PROGRAM FUNDS
YEAR ENDED DECEMBER 31, 2024

Operating Revenues:	Series T&U	Bond Defeasance Fund	Indenture Related Single Family Funds	Total
Interest:				
Loan	\$ -	\$ 4,188	\$ -	\$ 4,188
GNMA and FNMA	-	-	105,942	105,942
Total interest	-	4,188	105,942	110,130
Other income	-	1,125	-	1,125
Total operating revenues	-	5,313	105,942	111,255
Operating Expenses:				
Professional services	-	23,419	-	23,419
Administration	-	-	2,114	2,114
Total operating expenses	-	23,419	2,114	25,533
Operating Income (Loss)	-	(18,106)	103,828	85,722
Non-Operating Revenues (Expenses):				
Investment earnings	77,059	132,824	560,208	770,091
Bond interest	-	-	(70,360)	(70,360)
Realized gain (loss) on securities	-	-	(1,917)	(1,917)
Transfers out	-	(330,000)	-	(330,000)
Total non-operating revenues (expenses)	77,059	(197,176)	487,931	367,814
Change in Net Position	77,059	(215,282)	591,759	453,536
Net Position:				
Beginning of year	1,551,184	4,002,802	13,943,897	19,497,883
End of year	\$ 1,628,243	\$ 3,787,520	\$ 14,535,656	\$ 19,951,419

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY
COMBINING STATEMENT OF CASH FLOWS – SINGLE FAMILY MORTGAGE PROGRAM FUNDS
YEAR ENDED DECEMBER 31, 2024

	Series T&U	Bond Defeasance Fund	Indenture Related Single Family Funds	Total
Cash Flows From Operating Activities:				
Cash received for fees and charges	\$ -	\$ 1,125	\$ -	\$ 1,125
Cash received on asset-backed securities - principal	-	-	426,889	426,889
Cash received on asset-backed securities - interest	-	-	107,248	107,248
Cash received on loans - principal	-	15,844	-	15,844
Cash received on loans - interest	-	4,188	-	4,188
Cash paid to vendors	-	(24,544)	(2,114)	(26,658)
Net cash provided by (used in) operating activities	-	(3,387)	532,023	528,636
Cash Flows From Financing Activities:				
Bond/note principal repayments	-	-	(405,000)	(405,000)
Interest paid	-	-	(74,473)	(74,473)
Transfers out	-	(330,000)	-	(330,000)
Net cash provided by (used in) financing activities	-	(330,000)	(479,473)	(809,473)
Cash Flows From Investing Activities:				
Interest income received	77,059	132,824	560,208	770,091
Net cash provided by investing activities	77,059	132,824	560,208	770,091
Net Increase (Decrease) in Cash and Cash Equivalents	77,059	(200,563)	612,758	489,254
Cash and Cash Equivalents:				
Beginning of year	1,551,184	2,944,119	13,798,181	18,293,484
End of year	\$ 1,628,243	\$ 2,743,556	\$ 14,410,939	\$ 18,782,738
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Operating income (Loss)	\$ -	\$ (18,106)	\$ 103,828	\$ 85,722
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Loan principal repayments made	-	15,844	-	15,844
Change in:				
GNMA and FNMA securities	-	-	426,889	426,889
Due to other funds	-	(1,125)	-	(1,125)
Accrued interest receivable	-	-	1,306	1,306
Net cash provided by (used in) operating activities	\$ -	\$ (3,387)	\$ 532,023	\$ 528,636