WEST VIRGINIA
Water Development Authority

FISCAL YEAR 2021 ANNUAL REPORT

The Honorable James C. Justice, II
Governor

Marie Prezioso
Executive Director

www.wvwda.org

WEST VIRGINIA
Water Development Authority

Annual Report Year Ended June 30, 2021

BOARD MEMBERS

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

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STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

MISSION

Provide communities in the State of West Virginia (the "State") financial assistance for development and continued maintenance of water, wastewater, and economic infrastructure that will improve drinking water quality, protect public health, protect the streams of the State and provide infrastructure to encourage economic growth.

The West Virginia Water Development Authority (the "WDA") is the agency that coordinates the financing and closing for all infrastructure and economic development loans and provides financing for the design, construction, improvement and acquisition of water and wastewater facilities to Local Governmental Agencies (the "LGA's") (municipalities, public service districts and other political subdivisions). The WDA is also the administrative oversight agency for servicing loans and grants made from its revenue bond programs, the West Virginia Infrastructure Fund and the Drinking Water Treatment Revolving Fund. The WDA also provides administrative oversight for the Clean Water State Revolving Fund.

ESTABLISHMENT

Established in 1972 by the West Virginia Legislature, the WDA commenced services in 1974 and is authorized to provide financial assistance to Local Governmental Agencies to help them meet the requirements of State and Federal water pollution control and safe drinking water laws, thereby protecting the health of the State's citizens, improving water quality, and protecting the environment while constructing and upgrading infrastructure to attract economic development.

The WDA operates under the supervision of the West Virginia Water Development Board (the "Board"). The Board is composed of seven members, including three ex officio members: the Governor or designee, the Secretary of the Department of Environmental Protection or designee, and the Commissioner of the Bureau for Public Health or designee. The remaining four members of the Board are appointed by the Governor, with the advice and consent of the State Senate, for terms of six years. Appointed Board members may be reappointed to serve additional terms. No more than two of the appointed Board members shall at any one time belong to the same political party. The Governor or designee serves as chair. The Board annually elects one of its appointed members as vice chair and appoints a secretary-treasurer, who need not be a member of the Board.

As of June 30, 2021, the WDA had a staff of thirteen. The WDA is self-supporting and does not receive State appropriations for operating expenses or bond programs.

GOALS

- Assist communities in obtaining loan and grant funds to help meet the needs for adequate publicly owned water and wastewater systems, which improve health conditions as well as achieve and maintain compliance with State and federal water quality laws. As of June 30, 2021, there were $630 million in projects that were deemed technically feasible and requiring funding.

- Administer loans and grants through the execution of payments to LGA's, monitoring repayments per loan agreements, and reconciling balances with the Municipal Bond Commission in order to protect capital investments and the WDA's and State's credit ratings for its revenue bond programs.

- Secure the maximum federal funding available each year under the Clean Water State Revolving Fund (CWSRF) for wastewater projects and the Drinking Water Treatment Revolving Fund (DWTRF) for drinking water projects by providing the required 20% match.

OBJECTIVES

- Serve as a voting member on the West Virginia Infrastructure and Jobs Development Council (IJDC).

- Maximize and leverage the use of all available State, federal and local funding sources by participating in the IJDC's technical and financial review process on all proposed water and wastewater projects.

- Assist in the commitment of available CWSRF, DWTRF, West Virginia Infrastructure Fund (WVIF), and WDA dollars to cost- effective and environmentally sound projects as expeditiously as possible.

- Ensure the availability of revolving dollars to meet future needs by assisting struggling or defaulting communities to resolve underlying problems indicated by repayment activity on loans.

- Verify compliance with loan agreements by conducting financial audit reviews on selected water and wastewater loan recipients.

- Obtain funds for the WDA and WVIF through public bond offerings to finance construction/improvement of water and wastewater systems and Economic Development Projects.

- Provide accountability for funds managed through preparation of various reports, including financial statements that are audited annually.

OBJECTIVES (continued)

- Maximize investment earnings.
- Educate the public and potential funding recipients about the availability of funding for water and wastewater systems and the value of improvements to those systems by participating in annual conferences and trade conventions.

RESPONSIBILITIES

- Managing the WDA's various loan programs and servicing its loans. As of June 30, 2021, total loans outstanding were $168 million.
- Coordinating infrastructure-related revenue bond issuance activity.
- Serving as administrative agency for the IJDC.
- Participating as a voting member of the IJDC.
- Serving as fiduciary of the IJDC's WVIF.
- Serving as administrative agency for the Department of Environmental Protection's CWSRF.
- Serving as financial manager for the Bureau for Public Health's DWTRF.
- Closing and servicing all loans funded by the WVIF, CWSRF, DWTRF and WDA.
- Maintaining financial records, preparing and analyzing financial statements and preparing underlying work papers for three programs that are audited annually by certified public accounting firms.
- Reviewing, approving and processing debt service semi-annually on general obligation and revenue bonds.
- Providing Secondary Market Disclosure and Reporting and other information to the Electronic Municipal Market Access (EMMA), rating agencies and bond insurers.

RESPONSIBILITIES (Continued)

- Communicating with the Water Development Board and other State agencies.

- Working with Local Governmental Agencies on project development and funding solutions.

- Providing loans from other available funds for projects that are not eligible under the revenue bond programs.

- Providing Bridge Loans from other available funds for projects until revenue bond proceeds are available for permanent financing.

The WDA serves as administrative agency for the Department of Environmental Protection's CWSRF by:

- Administering the local bond purchase process.
- Preparing loan agreements.
- Closing loans with Local Governmental Agencies.
- Maintaining bonds, bond transcripts and project-related files for annual United States Environmental Protection Agency ("EPA") program audits.

The WDA serves as financial manager for the Bureau for Public Health's DWTRF by:

- Administering the local bond purchase process.
- Preparing loan agreements.
- Closing loans with Local Governmental Agencies.
- Disbursing payments to projects.
- Providing ongoing servicing functions for all loans outstanding as of June 30, 2021, which total $143 million.
- Maintaining financial records, preparing and analyzing financial statements and preparing underlying work papers for the annual financial and compliance audits by a certified public accounting firm.
- Maintaining bonds, bond transcripts and project-related files for annual EPA program audits.
- Performing desk reviews of subrecipient audits.

The WDA serves as fiduciary for the Infrastructure and Jobs Development Council's WVIF by:

- Administering the local bond purchase and grant process.
- Disseminating loan and grant agreements.
- Closing loans and grants with Local Governmental Agencies.
- Disbursing payments to projects.
- Providing ongoing servicing functions for all loans outstanding as of June 30, 2021, which total $489 million for water/wastewater and $94 million for economic development.

RESPONSIBILITIES (Continued)

- Maintaining financial records, preparing and analyzing financial statements and preparing underlying work papers for the annual financial statement audit by a certified public accounting firm.
- Maintaining bonds, notes, bond transcripts and project-related files.
- Coordinating infrastructure-related revenue bond issuance activity.
- Reviewing, approving, and processing debt service semi-annually on general obligation and revenue bonds.
- Providing Secondary Market Disclosure and Reporting and other information to rating agencies and bond insurers.
- Issuing bonds on behalf of the IJDC.
- Grant administration and reporting to West Virginia Legislative Auditor.

ACCOMPLISHMENTS

- **Celebrated 47 Years of Service 1974 – 2021.**

- Continued the Design Loan Program with two additional loans closed totaling $1,333,350.

- Closed an additional 109 loans and grants totaling $121 million this year to communities for water, wastewater, and economic development projects.

- Provided servicing for 902 loans (local bonds of communities) outstanding as of June 30, 2021, totaling $1.629 billion

- Acted in a fiduciary capacity for funding of loans and grants in excess of $1.998 billion and continued to meet the challenge of enhancing and creating adequate infrastructure for the citizens of West Virginia.

PROGRAMS

The WDA administers a variety of programs to provide long-term, short-term and private-activity financing at favorable interest rates for design, construction, improvement and acquisition of water and wastewater systems. Generally, WDA revenue bond programs are funded with proceeds from water development bonds issued by the WDA. Moneys in the various WDA programs are loaned to municipalities, public service districts and other political subdivisions through the purchase of local revenue bonds and/or notes issued by these Local Governmental Agencies. The loans are repaid from the revenues of the systems or other permanent financing.

Using other funds available to it, the WDA makes low-interest loans to cover the design and related costs of wastewater and water projects, which assist communities in getting projects ready for construction with short-term affordable rates that are taken out with permanent financing when the project goes to construction.

DEBT ADMINISTRATION

As a financing entity, the purpose of the WDA is debt issuance and administration, including loan servicing. Servicing is vitally important because loan repayments are used to make debt service payments on publicly marketed bonds issued by the WDA or revolved for future projects. The viability and success of the programs administered by the WDA are dependent on the servicing aspect provided by the WDA. If servicing is not managed, bond reserve funds would potentially be needed to meet debt service payments with subsequent appeal to the Governor to replenish the reserve funds deficiency through the budget process.

By statute, the maximum amount of bonds the WDA is authorized to have outstanding includes debt issued for the WDA and by the WDA on behalf of the West Virginia Infrastructure and Jobs Development Council. The amount of bonds or notes outstanding may not exceed $500 million at any time; provided that before the WDA issues bonds or notes in excess of $400 million, the State Legislature must pass a resolution authorizing this action. The WDA's long-term planning is accomplished within the confines of its authorized borrowing limit. The WDA continues to monitor its long-term outstanding debt for prepayment and refunding opportunities for debt service savings. While the redemption of bonds is economically prudent because of the resulting debt service savings, any reduction in the liability for long-term debt also enables the WDA to manage debt capacity for future needs as well as for new programs. At year end, the WDA had $290 million in revenue and refunding bonds outstanding, including $146 million in Infrastructure Revenue Bonds.

CLEAN WATER STATE REVOLVING FUND

In 1987, the Congress of the United States replaced the construction grants program with a State-operated revolving loan fund to provide no-interest or low-interest loans to Local Governmental Agencies to assist in financing wastewater projects. Under this program, grants that must be matched by State funds are awarded by the United States Environmental Protection Agency ("EPA") to the Department of Environmental Protection ("DEP"). The federal grants and State matching grants are deposited in a perpetual revolving fund designated as the CWSRF and remain in perpetuity by revolving the principal repayments and interest earned on the loans to make more loans.

As of June 30, 2021, DEP had been awarded thirty-two capitalization grant awards for the CWSRF from the EPA totaling $734 million. The State is required to provide an additional twenty percent of the federal award as matching funds in order to qualify for funding. The State has contributed to the CWSRF $135 million in matching funds, of which $116 million has been contributed by the IJDC.

The WDA coordinates the initial Local Governmental Agency bond financing process for the CWSRF.

DRINKING WATER TREATMENT REVOLVING FUND

The Drinking Water Treatment Revolving Fund ("DWTRF") was established pursuant to the Safe Drinking Water Act and by the Legislature under Chapter 16, Article 13C of the West Virginia Code. The purpose of the act was to establish and implement a State-operated perpetual revolving loan fund to provide no-interest or low-interest loans to Local Governmental Agencies and other eligible water providers to assist in financing drinking water infrastructure projects, including but not limited to, treatment, distribution, transmission, storage, and extensions; and remain in perpetuity by revolving the principal repayments and interest earned from the loans to make more loans. The DWTRF's loan programs are designed to provide financial and compliance assistance to eligible water providers in the State. Such loan programs provide long-term financing to cover all or a portion of the cost of qualifying projects.

As of June 30, 2021, the Bureau for Public Health ("BPH") had been awarded twenty-five capitalization grant awards from the EPA totaling $235 million, one of those grant awards being a Stimulus Grant, of which $176 million was allocated to the DWTRF and $59 million for set-aside programs administered by the BPH. The State is required to provide an additional twenty percent of the federal award as matching funds in order to qualify for funding. On behalf of the State, the IJDC has contributed $43 million in matching funds to the DWTRF.

The WDA coordinates the initial Local Governmental Agency bond financing process and performs the ongoing loan servicing functions for the DWTRF.

WEST VIRGINIA INFRASTRUCTURE FUND

The IJDC was created as a governmental entity of the State under the provisions of Chapter 31, Article 15A, Section 3 of the West Virginia Code, as
amended, which also established the WVIF. The IJDC has statutory responsibility to review the preliminary applications for water and wastewater facilities,
combination projects or economic development projects seeking State funding to first determine technical feasibility. If the project is determined to be an appropriate investment of State funds, and the IJDC has determined the project is eligible for funding assistance from one or more State infrastructure agencies, the IJDC will make a written recommendation for project funding. Specifically, the IJDC will recommend the kind of funding (loan and/or grant) and the amount and source of funding which the project sponsor should pursue. Otherwise, the IJDC will make a written recommendation that the project sponsor does not seek funding from any State infrastructure agency.

The IJDC consists of eleven voting members, including the Governor or designee as chairman and executive representation from the Housing Development Fund, Department of Environmental Protection, Economic Development Authority, WDA, Bureau for Public Health, and Public Service Commission and four members representing the general public.

Sources of funding for the IJDC, which funding must be allocated 80 percent to water and

WEST VIRGINIA INFRASTRUCTURE FUND (continued)

wastewater projects and 20 percent to economic development projects, include appropriations, proceeds from general obligation and revenue bonds, video lottery proceeds, investment earnings and unrestricted loan repayments.

The WDA is the administrative agency for the IJDC and is fiduciary of the WVIF. The WDA provides administrative, financial and legal expertise to the IJDC and ongoing servicing on loans made from the WVIF. The WDA employs two additional individuals for the benefit of the IJDC. The WDA issues infrastructure revenue and refunding bonds, at the written request of the IJDC, to provide loans and other forms of financial assistance for infrastructure projects. Of the $360.5 million in infrastructure revenue and refunding bonds that have been issued, including the Chesapeake Bay/Greenbrier Watershed bonds, $146 million are outstanding.

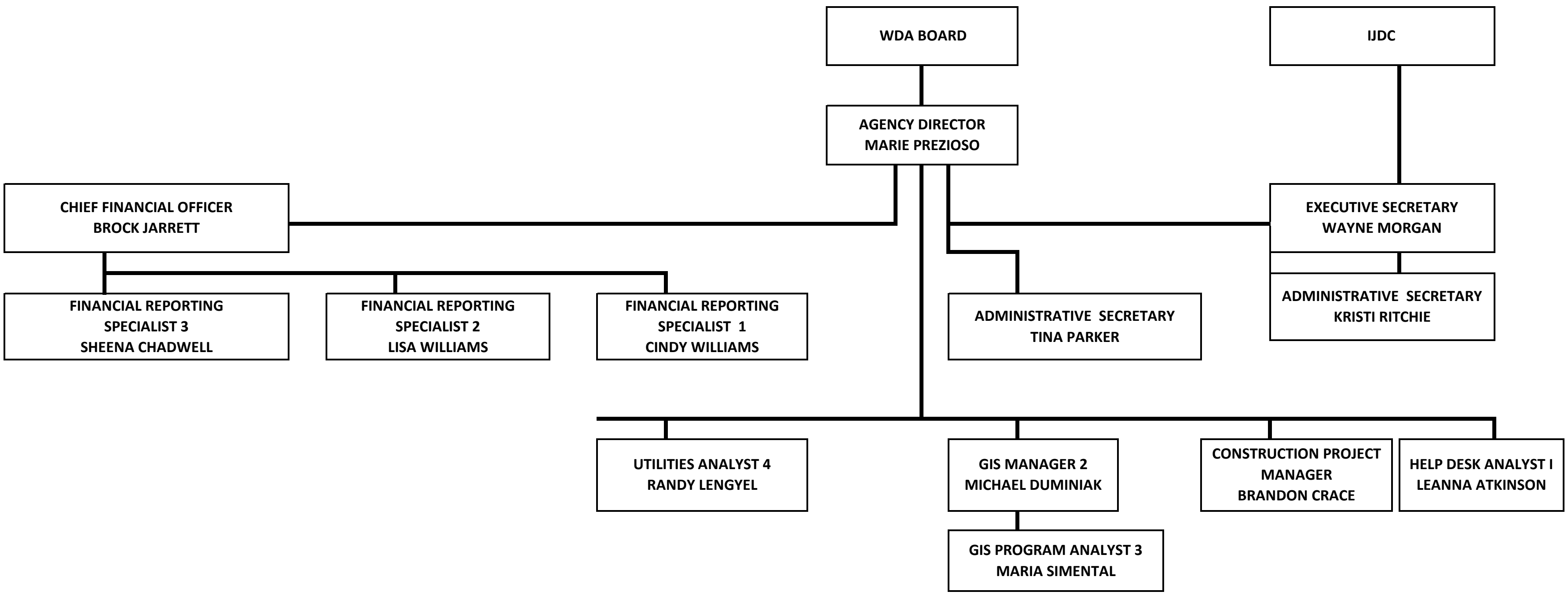
For additional information on the various programs the WDA administers, visit the WDA's website at www.wvwda.org.

WEST VIRGINIA
Water Development Authority
Celebrating 47 Years of Service 1974–2021

APPENDIX A

ORGANIZATIONAL CHART

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
ORGANIZATIONAL CHART



WEST VIRGINIA
Water Development Authority
Celebrating 47 Years of Service 1974-2021

APPENDIX B

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

FINANCIAL REPORT
WITH OTHER FINANCIAL INFORMATION

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Virginia Water Development Authority
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia Water Development Authority (the Authority), a component unit of the State of West Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2021, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the proportionate share of the net pension liability, the schedule of contributions to the PERS, the schedule of the proportionate share of the net OPEB liability, the schedule of contributions to the RHBT, and the notes to required supplementary information be presented to supplement the basic financial statements. Such information, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2021, on our consideration of the 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 the 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 the Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 5, 2021

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

INTRODUCTION

The West Virginia Water Development Authority (the "Authority") was established in 1972 by the West Virginia Legislature (WV 22C-1-14) as a governmental instrumentality of the State of West Virginia (the "State") and a body corporate and is considered a component unit of the State for financial reporting purposes. The Authority commenced operations in 1974 and is authorized to serve as a revenue bond bank that provides financial assistance to municipalities, public service districts and other political subdivisions to meet the requirements of State and federal water pollution control and safe drinking water laws, thereby helping to protect the health of the State's citizens, improving drinking water quality, upgrading infrastructure to attract economic development and protecting the environment. The Authority operates under the supervision of the West Virginia Water Development Board, which is comprised of seven members. The Authority, also serves as fiduciary agent for two other programs which are reported separately. The Authority is self-supporting and does not receive State appropriations for operating expenses or bond programs.

The Authority maintains a variety of programs to provide long-term, short-term and private-activity financing at favorable interest rates for design, construction and/or acquisition of wastewater and/or water systems. Generally, the Authority's programs are funded with proceeds from water development bonds issued by the Authority. Moneys in the various programs are loaned to municipalities, public service districts and other political subdivisions through the purchase of revenue bonds or notes issued by these local governmental agencies. The loans are repaid from the revenues of the wastewater and/or water systems or other permanent financing. Because the Authority's bonds are considered a moral obligation of the State, the aggregate principal amount of bonds and/or notes issued by the Authority may not exceed $500 million outstanding at any time; provided that before the Authority issues bonds or notes in excess of $400 million, the Legislature must pass a resolution authorizing this action. As of June 30, 2021, the Authority has $239,315,974 in bonds principal outstanding. This balance includes bonds issued for the West Virginia Infrastructure and Jobs Development Council.

The Authority's long-term planning is accomplished within the confines of its authorized borrowing limit. Additionally, the Authority has used and will use other available resources to fund loans, make grants, and issue bonds when a significant identifiable need arises.

This discussion and analysis of the Authority's financial activities for the year ended June 30, 2021 is designed to assist the reader in focusing on significant financial issues and activities of the Authority and to identify significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8.

USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position report the Authority's net position and the annual changes in net position. The Authority's net position, which is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the Authority's financial health or financial position.

FINANCIAL HIGHLIGHTS

- Total assets of the Authority decreased $3.4 million or 1.4%. Deferred outflows of resources decreased by $592 thousand or 8.7%. There was a decrease in total liabilities of $7.7 million or 4.6%. Deferred inflows of resources decreased $36 thousand or 5%. Total net position increased $3.7 million or 4.9%.

(Continued)

FINANCIAL HIGHLIGHTS (Continued)

- Total revenues decreased $884 thousand or 7.5% from the previous year. This was primarily due to a decrease in charges for services of $520 thousand and a decrease in interest and investment revenue of $694 thousand, which was offset by an increase in other revenues of $330 thousand.
- Total expenses decreased $446 thousand or 5.8%. This was the combined result of a $220 thousand decrease in interest expense and a $227 thousand decrease in operating expenses.

THE AUTHORITY AS A WHOLE

The analysis below focuses on Net Position (Table 1) and Changes in Net Position (Table 2):

Table 1
Net Position

	2021 WDA	2020 WDA	Increase (Decrease)
Assets			
Current assets	$ 57,534,563	$ 53,046,107	$ 4,488,456
Non-current assets	176,796,235	184,706,823	(7,910,588)
Total assets	**$ 234,330,798**	**$ 237,752,930**	**$ (3,422,132)**
Deferred outflows of resources			
Deferred loss on bond refundings	$ 6,042,873	$ 6,686,600	$ (643,727)
Deferred outflows of resources from OPEB amounts	40,247	53,585	(13,338)
Deferred outflows of resources from pension amounts	136,675	72,104	64,571
Total deferred outflows of resources	**$ 6,219,795**	**$ 6,812,289**	**$ (592,494)**
Liabilities			
Current liabilities	$ 10,840,603	$ 10,586,081	$ 254,522
Design loan program notes payable	5,755,974	4,111,274	1,644,700
Net OPEB liability	34,958	164,080	(129,122)
Net pension liability	169,009	83,440	85,569
Long-term debt outstanding	143,360,168	152,911,499	(9,551,331)
Total liabilities	**$ 160,160,712**	**$ 167,856,374**	**$ (7,695,662)**
Deferred inflows of resources			
Deferred gain on refunding	$ 524,680	$ 548,501	$ (23,821)
Deferred inflows of resources from OPEB amounts	124,402	90,311	34,091
Deferred inflows of resources from pension amounts	16,719	62,588	(45,869)
Total deferred inflows of resources	**$ 665,801**	**$ 701,400**	**$ (35,599)**
Net position			
Net investment in capital assets	$ 3,906,931	$ 3,986,563	$ (79,632)
Restricted	21,235,350	21,925,040	(689,690)
Unrestricted	54,581,799	50,095,842	4,485,957
Total net position	**$ 79,724,080**	**$ 76,007,445**	**$ 3,716,635**

(Continued)

THE AUTHORITY AS A WHOLE (Continued)

Total assets decreased $3.4 million or 1.4%. Decreases to assets were due to a reduction of Revenue Bonds Receivable of $8.6 million. The decrease to assets were substantially offset by an increase in the Interim Loans Receivable of $1.7 million and cash equivalents and investments of $3.5 million. During the year, the Authority disbursed $3.4 million in loans from unrestricted resources available to the Authority.

Deferred outflows of resources decreased by $592 thousand or 8.7% which was the result of current year amortizations of loss on refundings in the amount of $644 thousand, offset by an increase of the deferred outflow of resources for pension in the amount of $65 thousand, which is explained further in Note 10.

Total liabilities decreased approximately $7.7 million or approximately 4.6%. The decrease was in revenue bonds payable, which are presented on the balance sheet net of unamortized premiums, in the amount of $9.3 million, offset by an increase in design loan program notes payable in the amount of $1.6 million, which is explained further in Note 9.

Deferred inflows of resources decreased $36 thousand because of the amortizations of the gain on refunding and a reduction of the deferred inflow of resources for pension expense and an increase in the deferred inflows of resources for OPEB.

Unrestricted net position increased $4.5 million, primarily explained by the combined result of $3.0 million net increase in unrestricted cash equivalents and investments.

Restricted net position decreased $690 thousand primarily due to a decrease in the revenue bonds payable of $9.3 million which was offset by reduction in revenue bonds receivable of $8.6 million.

THE AUTHORITY AS A WHOLE (Continued)

Table 2
Changes in Net Position

	2021 WDA	2020 WDA	Increase (Decrease)
Revenues:			
Operating revenues:			
Charges for services	$ 10,292,626	$ 10,812,711	$ (520,085)
Other	653,833	323,539	330,294
Total operating revenues	**10,946,459**	**11,136,250**	**(189,791)**
Nonoperating revenues:			
Interest and investment revenue, net of arbitrage	30,120	724,337	(694,217)
Total revenues	**10,976,579**	**11,860,587**	**(884,008)**
Expenses:			
Operating expenses	1,200,108	1,426,717	(226,609)
Nonoperating expenses:			
Interest expense	6,059,836	6,279,419	(219,583)
Total expenses	**7,259,944**	**7,706,136**	**(446,192)**
Change in net position	**3,716,635**	**4,154,451**	**(437,816)**
Beginning net position	**76,007,445**	**71,852,994**	**4,154,451**
Ending net position	**$ 79,724,080**	**$ 76,007,445**	**$ 3,716,635**

Charges for services decreased $520 thousand. This is primarily due to repayments of loans in the portfolio being applied to principal rather than interest as they are being paid down over time.

Other increased $330 thousand primarily due to a one time increase in miscellaneous revenue.

Interest and investment revenue, net of arbitrage decreased $694 thousand due to lower short term interest rates available to the Authority from period to period on comparable increased asset balances.

Operating expenses decreased $227 thousand from the prior year. The decrease in operating expense is primarily due to one-time payment of issuance costs for Interim Loans of $157 in the prior year.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

DEBT ADMINISTRATION

As a financing entity, the business of the Authority is debt issuance and administration, including servicing. By statute, the maximum amount of bonds the Authority is authorized to have outstanding includes debt issued for the Authority and by the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council. While the redemption of bonds is economically prudent because of the resulting debt service savings, any reduction in the liability for long-term debt enables the Authority to manage debt capacity for future needs as well as for new programs. The Authority, therefore, continues to monitor its long-term outstanding debt for prepayment and refunding opportunities for debt service savings. At year end, the Authority had $144,360,000 in revenue and refunding bonds outstanding versus $152,904,000 in the prior year, a decrease of approximately 5.6%.

As of June 30, 2021, the 2012 Series A-I and B-I, 2012 Series A-II and B-II, 2013 Series A-II, 2016 Series A-II, and 2012 Series A-III and B-III had a Moody's rating of A1 and a Fitch rating of A+.

As of June 30, 2021 the 2018 Series A-IV, had a Standard & Poor's rating of AA-.
The 2018 Series B-IV Bonds were privately placed and not rated by any rating agency.

In addition to long term debt, the Authority has a 2019 Series A Revenue Notes issue (Design Loan Program) that was privately placed and not rated by any rating agency.

The Authority's ratings from Moody's and Fitch reflect the State's moral obligation rating. Ultimately, rating strength is provided by the Authority's pledge to maintain a debt service reserve fund equal to the maximum annual debt service on all outstanding bonds and servicing of underlying loans. If the amount in the reserve funds falls below the required maximum annual debt service level, the Governor, on notification by the Authority, may request the State's Legislature to appropriate the necessary funds to replenish the reserve to its required level. The State's Legislature, however, is not legally required to make such appropriation.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it receives as well as its ability to pay debt service. If you have questions about this report or need additional information, contact the Executive Director or Chief Financial Officer, West Virginia Water Development Authority, 1009 Bullitt Street, Charleston, West Virginia 25301, call 304-414-6500; or visit the Authority's website (www.wvwda.org).

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION
June 30, 2021

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	38,976,484
Receivables:		
Revenue bonds, net of unamortized discount of $41,323		10,230,642
Design loan program notes receivable		5,254,323
Interest		2,604,903
Administrative fees		1,938
Due from other agencies		451,364
Prepaid computer services		11,250
Total unrestricted current assets		57,530,904
Restricted current assets:		
Prepaid insurance		3,659
Total current assets		57,534,563
NONCURRENT ASSETS		
Revenue bonds		7,529,648
Design loan program notes receivable		361,850
Capital assets, net		3,906,931
Total unrestricted noncurrent assets		11,798,429
Restricted assets:		
Cash and cash equivalents		15,385,609
Revenue bonds, net of unamortized discount of $712,363		149,542,642
Prepaid insurance		69,555
Total restricted noncurrent assets		164,997,806
Total assets	$	234,330,798
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refundings	$	6,042,873
Deferred outflows of resources from OPEB amounts		40,247
Deferred outflows of resources from pension amounts		136,675
Total deferred outflows of resources	$	6,219,795

(Continued)

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION
(Continued)
June 30, 2021

LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$	11,555
Current portion of revenue bonds payable, including unamortized net premium of $712,093		9,563,094
Accrued interest payable		1,265,954
Total current liabilities		10,840,603
NONCURRENT LIABILITIES		
Accrued employee benefits		94,499
Design loan program notes payable		5,755,974
Net OPEB liability		34,958
Net pension liability		169,009
Liabilities payable from restricted assets:		
Noncurrent portion of revenue bonds payable, including unamortized net premium of $7,756,670		143,265,669
Total noncurrent liabilities		149,320,109
Total liabilities	$	160,160,712
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	$	524,680
Deferred inflows of resources from OPEB amounts		124,402
Deferred inflows of resources from pension amounts		16,719
Total deferred inflows of resources	$	665,801
NET POSITION		
Restricted	$	21,235,350
Unrestricted		54,581,799
Net investment in capital assets		3,906,931
Total net position	$	79,724,080

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2021

OPERATING REVENUES	
Charges for services	$ 10,292,626
Miscellaneous	653,833
Total operating revenues	10,946,459
OPERATING EXPENSES	
Depreciation and amortization	148,287
General and administrative	1,051,821
Total operating expenses	1,200,108
Operating income	9,746,351
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	30,120
Interest expense	(6,059,836)
Total nonoperating expenses	(6,029,716)
CHANGE IN NET POSITION	3,716,635
Total net position, beginning of year	76,007,445
Total net position, end of year	$ 79,724,080

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

OPERATING ACTIVITIES	
Receipts of principal on bonds receivable	$ 9,247,920
Receipts of interest on bonds receivable	10,270,538
Receipts of administrative fees on bonds receivable	653,705
Receipts of principal on design loan program notes receivable	1,064,640
Receipts of reimbursements from other agencies	1,479,009
Disbursements from issuance of bonds receivable	(648,797)
Disbursements from issuance of design loan program notes receivable	(2,753,822)
Disbursements of general and administrative expense	(593,893)
Disbursements on behalf of employees	(575,167)
Disbursements on behalf of other agencies	(1,567,622)
Net cash provided by operating activities	16,576,511
CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(64,996)
NONCAPITAL FINANCING ACTIVITIES	
Proceeds from draw down of design loan program notes payable	2,872,427
Repayments on design loan program notes payable	(1,227,726)
Principal paid on revenue and refunding bonds	(8,544,000)
Interest paid on revenue and refunding bonds	(6,193,315)
Net cash used in noncapital financing activities	(13,092,614)
INVESTING ACTIVITIES	
Proceeds from sale of investments	5,299,629
Investment earnings	38,698
Net cash used in investing activities	5,338,327
Net increase in cash and cash equivalents	8,757,228
CASH AND CASH EQUIVALENTS, beginning	45,604,865
CASH AND CASH EQUIVALENTS, ending	$ 54,362,093
Cash and cash equivalents consist of:	
Cash and cash equivalents	$ 38,976,484
Restricted cash and cash equivalents	15,385,609
	$ 54,362,093

(Continued)

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS
(Continued)
Year Ended June 30, 2021

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	9,746,351
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization expense		148,287
Changes in operating accounts:		
Due from other agencies		(88,613)
Prepaid computer services		(11,250)
Revenue bonds receivable		8,557,799
Design loan program notes receivable		(1,689,182)
Accrued interest receivable		19,236
Administrative fees receivable		(128)
Deferred outflows of resources from pension and OPEB		(51,233)
Accounts payable		(11,188)
Accrued employee benefits		11,763
Net OPEB liability		(129,122)
Net pension liability		85,569
Deferred inflows of resources from pension and OPEB		(11,778)
Net cash provided by operating activities	$	16,576,511

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

Note 1. Reporting Entity

The West Virginia Water Development Authority (the Authority) is a governmental instrumentality of the State of West Virginia (the State) and a body corporate, created under the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended, and known as the West Virginia Water Development Act. The Authority's mission is to provide West Virginia communities effective financial assistance for development of wastewater, water and economic infrastructure that will improve health, protect the streams of the State, improve drinking water quality and encourage economic growth. This is accomplished by administering and managing the West Virginia Water Development Revenue Bond Programs, serving as the State-designated fiduciary of the West Virginia Infrastructure Fund, managing the Bureau for Public Health's Drinking Water Treatment Revolving Fund, administering the Department of Environmental Protection's Clean Water State Revolving Fund, and being an active member of the West Virginia Infrastructure and Jobs Development Council.

The Authority's Water Development Revenue Bond Programs are funded with proceeds of water development bonds issued by the Authority. Moneys in the programs are loaned to municipalities, public service districts and other political subdivisions through the purchase by the Authority of revenue bonds or notes issued by those entities, who repay the loans from the revenues of the systems or other permanent financing.

The Authority receives no appropriations from the State; however, as the State is able to impose its will over the Authority, the Authority is considered a component unit of the State.

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in accounting principles generally accepted (GAAP) in the United States of America for governments. GAAP defines component units as those entities which are legally separate governmental organizations for which the appointed members of the Authority are financially accountable or other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading. Because no such organizations exist which meet the above criteria, the Authority has no component units.

Note 2. Significant Accounting Policies

Basis of presentation

The Authority is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with GAAP, the financial statements are prepared on the accrual basis of accounting, using the flow of economic resources measurement focus. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The Authority is included in the State's financial statements as a discretely presented component unit proprietary fund and business type activity. There may be differences between the amounts reported in these financial statements and the financial statements of the State as a result of major fund determination.

(Continued)

Note 2. Significant Accounting Policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include deposits with the West Virginia Treasurer's office and investments with original maturities of less than ninety days and are carried at amortized cost.

Allowance for uncollectible loans and service charges

The Authority established an allowance for uncollectible revolving loans and service charges based on the estimated age of revolving loans and service charges and their anticipated collectability. The Authority has not established an allowance for uncollectible loans in the Water Development Revenue Bond Programs because of remedies available to it in the loan agreements that exist between the Authority and the various entities.

Restricted assets

Proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by bond covenants. When both restricted and unrestricted resources are available for use, it is generally the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

Capital assets

Capital assets are stated at cost. Depreciation and amortization are computed using the straight-line method over an estimated economic useful life. The table below details the capital asset categories and related economic useful lives for assets in excess of $1,000 with useful lives in excess of 1 year.

Furniture and equipment	5 years
Building	40 years
Building improvements	10 years
Intangible assets	5 years
Land improvements	15 years

Accrued employee benefits

In accordance with State policy, the Authority permits employees to accumulate earned but unused vacation benefits. A liability for vacation pay is accrued when earned.

Bond premiums, discounts, and issuance costs

Bond premiums and discounts are amortized using the straight-line method over the varying terms of the bonds issued. The straight-line method is not in accordance with GAAP, but the difference in amortization using the straight-line method, versus the effective interest method which is in accordance with GAAP, is not material to the financial statements as a whole. Bond issuance costs are expensed as incurred.

(Continued)

Note 2. Significant Accounting Policies (Continued)

Arbitrage rebate payable

The United States Internal Revenue Code of 1986, as amended (the "Code"), prescribes restrictions applicable to the Authority as issuer of Water Development Revenue and Refunding Bonds. Among those include restrictions on earnings on the bond proceeds. The Code requires payment to the federal government of investment earnings on certain bond proceeds in excess of the amount that would have been earned if the proceeds were invested at a rate equal to the yield on the bonds. As of June 30, 2020, the Authority is not liable to the federal government as a result of arbitrage.

Deferred outflows of resources / deferred inflows of resources

The statement of net position reports a separate financial statement element called *deferred outflows of resources*. This financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense) until that time. The Authority reports losses on bond refunding as deferred outflows of resources and deferred outflows of resources related to pensions and OPEB.

The statement of net position reports a separate financial statement element called *deferred inflows of resources*. This financial statement element represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Authority reports gains on bond refundings as deferred inflows of resources and deferred inflows of resources related to pensions and OPEB.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Public Employees Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the PERS are reported at fair value.

Postemployment benefits other than pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Retiree Health Benefit Trust OPEB Plan (RHBT) and additions to/deductions from RHBT's fiduciary net position have been determined on the same basis as they are reported by RHBT. For this purpose, RHBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

(Continued)

Note 2. Significant Accounting Policies (Continued)

Net position

Net position is presented as unrestricted, restricted, or as the net investment in capital assets. The net investment in capital assets consists of all capital assets, less accumulated depreciation. Restricted net position represents assets restricted for the repayment of bond proceeds, by bond covenants, or for retirement of other long term obligations. All remaining net position is considered unrestricted. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, restricted resources are applied first.

Note 3. Deposit and Investment Risk Disclosures

The General Revenue Bond Resolutions and the Authority's investment guidelines authorize the Authority to invest all bond proceeds in obligations of the United States and certain of its agencies, certificates of deposit, public housing bonds, direct and general obligations of states which are rated in either of the two highest categories by Standard & Poor's Corporation, advance-refunded municipal bonds and repurchase agreements relating to certain securities.

The Authority participates in BTI's WV Money Market Pool, which is reported at amortized cost in accordance with GAAP and the criteria specifying that the pool must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity, and shadow pricing. The BTI does not place limitations or restrictions on participant withdrawals from the pool, such as redemption notice periods, maximum transaction amounts, and any authority to impose liquidity fees or redemption gates. Accordingly, as a pool participant, the Authority measures its investment in this pool at amortized cost of $20,343,504 at June 30, 2021. These deposits are reported as cash and cash equivalents. Investment income earned is pro-rated to the Authority at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to the Authority with overnight notice.

Interest rate risk - West Virginia Money Market Pool

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The West Virginia Money Market Pool is subject to interest rate risk.

The overall weighted average maturity of the investments of the West Virginia Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Note 3. Deposit and Investment Risk Disclosures (Continued)

Interest rate risk - West Virginia Money Market Pool (continued)

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury notes	$ 37,505	1
U.S. Treasury bills	354,997	13
Commercial paper	3,937,274	73
Negotiable certificates of deposit	951,004	65
Repurchase agreements	1,343,600	6
Money market funds	218,622	1
	$ 6,843,002	52

Interest rate risk - all other investments

As of June 30, 2021, the Authority had the following deposits and investments outside of BTI deposits (which include certain cash equivalents) and maturities:

	Maturities (in Years)			
Type	Carrying Value	Less Than 1	1-5	6-10
U.S. Treasury Money Market	$ 33,758,926	$ 33,758,926	$ -	$ -

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment guidelines limit the maturities of investments not matched to a specific debt or obligation of the Authority to five years or less, unless otherwise approved by the Board.

Investments matched to obligations of the Authority would include investments of capital and special reserve funds for each of the Authority's outstanding bond issues in Loan Programs I, II and III. The General Revenue Bond Resolutions for Loan Programs I, II, III and IV require that, while the bonds are outstanding, there be on deposit in the capital and special reserve funds an amount equal to the maximum amount of principal installments and interest coming due during the current or any succeeding year. The General Revenue Bond Resolution for Loan Program IV permits this requirement to be met, and it has been met, with the deposit of a Reserve Fund Credit Facility into the reserve fund. There are, therefore, no investments of capital and special reserve funds for Loan Program IV. The Authority has both the intent and the ability to hold long-term securities until final maturity and thus is limited in its exposure to interest rate risk on these long-term obligations.

Concentration of credit risk - West Virginia Money Market Pool

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single corporate issuer. The BTI investment policy prohibits the West Virginia Money Market Pool from investing more than 5% of their assets in any one corporate name or one corporate issue.

Note 3. Deposit and Investment Risk Disclosures (Continued)

Concentration of credit risk – all other investments

As of June 30, 2021, the Authority had deposit and investment balances outside of BTI deposits in Federated Prime Cash Obligations money market accounts, which are greater than or equal to 5 percent of the deposit and investment balances presented in the statement of net position.

The Authority's investment guidelines manage concentration of credit risk by limiting its investment activity so that at any time its total deposit and investment portfolio will not exceed the percentage limits as to the permitted investments as follows:

	Permitted Investments	Maximum % of Portfolio
(a)	Direct Federal Obligations	100%
(b)	Federally Guaranteed Obligations	100%
(c)	Federal Agency Obligations	90%
(d)	Money Markets	90%
(e)	Repurchase Agreements/Investment Contracts	90%
(f)	Time Deposits/Certificates of Deposit	90%
(g)	Demand Deposits	30%
(h)	Corporate Obligations	15%
(i)	Other State/Local Obligations	15%
(j)	West Virginia Obligations	15%
(k)	Housing Bonds - Secured by Annual Contributions Contracts	5%

With the exception of **money markets**, repurchase agreements/investment contracts, time deposits/certificates of deposit and demand deposits, investments that comprise more than 15% of the investment portfolio must be direct federal, federal agency or federally guaranteed obligations.

All other investments listed above that comprise more than 15% of the investment portfolio must be either provided by an institution with a rating of at least A/A by Moody's and/or Standard and Poor's, invested in a money market fund rated AAAm or AAAm-G or better by Standard and Poor's, secured by obligations of the United States, or not exceed the insurance limits established by the FDIC unless adequate collateral is provided.

Credit risk – West Virginia Money Market Pool

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WV Money Market Pool has been rated AAAm by the Standard & Poor's. A fund rated AAAm has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market and/or liquidity risks. AAAm is the highest principal stability fund rating assigned by Standard & Poor's. The BTI itself has not been rated for credit risk by any organization.

Note 3. Deposit and Investment Risk Disclosures (Continued)

Credit risk – West Virginia Money Market Pool (Continued)

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ by Standard & Poor's (or its equivalent) or higher. Short-term corporate debt must be rated at least A-1 by Standard & Poor's (or its equivalent) or higher. The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Security Type	Credit Rating Moody's	Credit Rating S&P	Carrying Value (in Thousands	Percent of Pool Assets
U.S. Treasury notes *	Aaa	AA+	$ 37,505	0.55%
U.S. Treasury bills *	P-1	A-1+	354,997	5.19
Commercial paper	P-1	A-1	1,302,573	19.04
			2,634,701	38.50
Negotiable certificates of deposit	P-1	A-1+	138,500	2.02
	P-1	A-1	812,504	11.88
Money market funds	Aaa	AAAm	1,600	0.02
	NR	AAAm	217,022	3.17
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	1,325,680	19.37
U.S. Agency bonds and notes	Aaa	AA+	17,920	0.26
			$ 6,843,002	100.00%

*U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

Credit Risk – all other investments

The following table provides information on the credit ratings of the Authority's deposits and short-term investments outside of BTI deposits as of June 30, 2021:

Security Type	Fitch	Moody's	Standard & Poors	Carrying Value
Money markets	AAAmmF	Aaa-mf	AAAm	$ 33,758,926

Note 3. Deposit and Investment Risk Disclosures (Continued)

Credit Risk – all other investments (Continued)

Credit risk with investment of bond proceeds outside of BTI deposits is managed by the limitation on investment of those proceeds in the following types of debt securities in accordance with the Authority's investment guidelines and the authorizing General Revenue Bond Resolution: Government obligations, obligations of certain federal agencies, either representing the full faith and credit of the United States of America or which are rated Aaa-mf by Moody's and AAAm by Standard and Poor's, certain types of commercial paper, advance-refunded municipal bonds, certain general obligations of the State of West Virginia or any other state, or other forms of investments approved in writing by the applicable bond insurer, if any.

Accordingly, the credit risk with the investment of cash assets other than bond proceeds, known as "other revenues," is managed by the limitation on investment of other revenues in the following types of debt securities in accordance with the Authority's investment guidelines: direct obligations of or obligations guaranteed by the United States of America, the State of West Virginia or any other state, provided that obligations of other states meet certain requirements, obligations of certain federal agencies, certain types of indebtedness of public agencies or municipalities, corporate indebtedness meeting certain requirements or any other debt security investment permitted with bond proceeds.

Custodial credit risk - West Virginia Money Market Pool

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the BTI will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. In all transactions, the BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Custodial credit risk – all other investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Cash consisted of the following at June 30, 2021:

Cash on deposit with State Treasurer	$ 259,663

The Authority has no securities that are subject to foreign currency risk.

A reconciliation of the amounts disclosed as cash and investments included in this Note to cash and cash equivalents, restricted cash and cash equivalents, and investments in the Statement of Net Assets as of June 30, 2021, is as follows:

Note 3. Deposit and Investment Risk Disclosures (Continued)

Custodial credit risk – all other investments (Continued)

Deposits and Investments:	
Cash and cash equivalents as reported on the Statement of Net Position	$ 38,976,484
Add: restricted cash and cash equivalents	15,385,609
Less: cash equivalents and restricted cash equivalents disclosed as investments in this Note	54,102,430
Total cash as disclosed in this Note	$ 259,663

Note 4. Due From Other Agencies

Certain agencies of the State were indebted to the Authority at June 30, 2021, in connection with services performed by the Authority on behalf of the agencies. Amounts due the Authority at June 30, 2021 are as follows:

West Virginia Infrastructure and Jobs Development Council, net	$ 320,493
Department of Environmental Protection Clean Water State Revolving Fund	60,156
Bureau for Public Health Drinking Water Treatment Revolving Fund	70,715
	$ 451,364

Note 5. Revenue Bonds Receivable

As of June 30, 2021, the face value of revenue bonds of municipalities, public service districts and other political subdivisions purchased with proceeds from Water Development Revenue Bonds was $155,670,194. Management's intentions are to hold such bonds until maturity; therefore, management believes the face amount of the bonds is fully collectible.

Although not required, the Authority purchased supplemental bonds of municipalities and public service districts using other available funds. As of June 30, 2021, the face value of supplemental bonds was $12,386,424.

Note 6. Design Loan Program Notes Receivable

The Design Loan Program provides funding to governmental agencies for the cost of the design of water and wastewater projects around the state. During fiscal year 2020, financing was made available to close twenty (20) design loans in the amount of $10,101,084. Disbursements are made to the local governmental agencies from the program based on approved requisitions. As of June 30, 2021, a total of $6,865,097 was disbursed to local government agencies and the balance of notes receivable was $5,616,173. Additional information on the design loan program is included Note 9.

Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	$ 526,194	$ -	$ -	$ 526,194
Construction work in progress	34,800	-	-	34,800
Total capital assets not being depreciated	560,994	-	-	560,994
Furniture and equipment	7,061,812	64,996	-	7,126,808
Land improvements	22,650	-	-	22,650
Building	4,100,298	-	-	4,100,298
Total capital assets, being depreciated	11,184,760	64,996	-	11,249,756
Less accumulated depreciation for:				
Furniture and equipment	6,943,430	40,611	-	6,984,041
Land improvements	2,470	1,510	-	3,980
Building	813,291	102,507	-	915,798
Total accumulated depreciation	7,759,191	144,628	-	7,903,819
Total capital assets, net	$ 3,986,563	$ (79,632)	$ -	$ 3,906,931

Note 8. Revenue Bonds Payable

The following is a summary of the Authority’s bond transactions for the year ended June 30, 2021:

	Balance at June 30, 2020	Bonds issued	Bonds retired	Bonds refunded	Balance at June 30, 2021
Revenue bonds	$ 145,685,000	$ -	$ 8,200,000	$ -	$ 137,485,000
Revenue bonds from direct placements	7,219,000		344,000	-	6,875,000
	$ 152,904,000	$ -	$ 8,544,000	$ -	$ 144,360,000

Note 8. Revenue Bonds Payable (Continued)

Revenue and refunding bonds outstanding at June 30, 2021, were as follows:

Series	Final Maturity	Interest Rates %	Balance
2012 A-I	11/1/25	2.000-3.000	$ 825,000
2012 B-I	11/1/26	4.000-4.500	7,895,000
2012 A-II	11/1/23	2.000-3.000	1,640,000
2012 B-II	11/1/33	2.000-4.000	10,070,000
2012 A-III	7/1/39	3.000-4.000	12,905,000
2012 B-III	7/1/40	2.000-3.750	7,875,000
2013 A-II	11/1/29	2.000-5.000	22,280,000
2016 A-II	11/1/39	2.000-5.000	45,060,000
2018 A-IV	11/1/44	2.500-5.000	28,935,00
2018 B-IV*	11/1/35	3.500	6,875,000
			$ 144,360,000

*Direct placement bonds

Loan Program I includes Series 2012 A-I and 2012 B-I Water Development Revenue Refunding Bonds. Loan Program II includes Series 2012 A-II, 2012 B-II, 2013 A-II, and 2016 A-II Water Development Revenue Refunding Bonds. Loan Program III includes Series 2012 A-III and 2012 B-III Water Development Revenue Refunding Bonds. Loan Program IV includes Series 2018 A-IV Water Development Revenue Refunding Bonds and Series 2018 B-IV Direct Placement Bonds.

Total future maturities of bond principal and interest on Authority indebtedness at June 30, 2021, are as follows:

Loan Program I

	Principal	Interest	Total
2022	$ 1,345,000	$ 308,375	$ 1,653,375
2023	1,400,000	255,850	1,655,850
2024	1,450,000	202,100	1,652,100
2025	1,505,000	146,244	1,651,244
	1,570,000	87,869	1,657,869
	7,270,000	1,000,438	8,270,438
2027 - 2028	1,450,000	29,000	1,479,000
	$ 8,720,000	$ 1,029,438	$ 9,749,438

Note 8. Revenue Bonds Payable (Continued)

Loan Program II

	Principal	Interest	Total
2022	$ 5,605,000	$ 3,218,075	$ 8,823,075
2023	5,850,000	2,973,300	8,823,300
2024	6,095,000	2,712,125	8,807,125
2025	5,770,000	2,459,275	8,229,275
2026	6,000,000	2,219,500	8,219,500
	29,320,000	13,582,275	42,902,275
2027 – 2031	28,780,000	7,278,625	36,058,625
2032 – 2036	14,075,000	2,597,050	16,672,050
2037 – 2041	6,875,000	534,500	7,409,500
	49,730,000	10,410,175	60,140,175
	$ 79,050,000	$ 23,992,450	$ 103,042,450

Loan Program III

	Principal	Interest	Total
2022	$ 775,000	$ 719,731	$ 1,494,731
2023	810,000	690,932	1,500,932
2024	835,000	663,159	1,498,159
2025	855,000	636,753	1,491,753
2026	890,000	609,488	1,499,488
	4,165,000	3,320,063	7,485,063
2027 – 2031	4,870,000	2,590,391	7,460,391
2032 – 2036	5,775,000	1,663,269	7,438,269
2037 – 2041	5,970,000	507,000	6,477,000
	16,615,000	4,760,660	21,375,660
	$ 20,780,000	$ 8,080,723	$ 28,860,723

Note 8. Revenue Bonds Payable (Continued)

Loan Program IV

	Bonds		Bonds from Direct Placement		
	Principal	Interest	Principal	Interest	Total
2022	$ 770,000	$ 1,261,644	$ 356,000	$ 234,395	$ 2,622,039
2023	800,000	1,226,244	369,000	221,707	2,616,951
2024	840,000	1,195,744	382,000	208,565	2,626,309
2025	865,000	1,163,619	395,000	194,967	2,618,586
2026	905,000	1,119,369	409,000	180,898	2,614,267
	4,180,000	5,966,620	1,911,000	1,040,532	13,098,152
2027 – 2031	4,500,000	4,943,219	2,269,000	675,668	12,387,887
2032 – 2036	5,750,000	3,667,969	2,695,000	242,288	12,355,257
2037 – 2041	7,430,000	2,070,031	-	-	9,500,031
2042 – 2046	7,075,000	524,447	-	-	7,599,447
	24,755,000	11,205,666	4,964,000	917,956	41,842,622
	$ 28,935,000	$ 17,172,286	$ 6,875,000	$ 1,958,488	$ 54,940,774

	Revenue bonds	Direct Placement Bonds	Total
Total all loan programs	$ 137,485,000	$ 6,875,000	$ 144,360,000
Add: unamortized net premium	8,468,763	-	8,468,763
Total all loan programs, net	145,953,763	6,875,000	152,828,763
Less: current portion of revenue bonds payable	9,207,094	356,000	9,563,094
Noncurrent portion of revenue bonds payable	$ 136,746,669	$ 6,519,000	$ 143,265,669

Note 8. Revenue Bonds Payable (Continued)

The proceeds from the Authority's Revenue Bond Program provide financial assistance to municipalities, public service districts and other public subdivisions to meet the requirements of state and federal water pollution control and safe drinking water laws. All bonds are considered a moral obligation of the state of West Virginia. All assets of the Authority except capital assets have been pledged to fulfill the commitments of the bonds over the life of the debt. The Direct Placement Bonds are secured by revenues from Loan Program IV Local Bonds of the governmental agency. Principal and interest paid on bonds payable for the year ended June 30, 2021, was $8,544,000 and $6,193,315, respectively, and principal payments and interest received on pledged notes receivable were $9,247,920 and $10,270,537, respectively, at June 30, 2021.

Note 9. Design Loan Program Notes Payable

On August 13, 2019, the Water Development Authority issued Series 2019 Revenue Notes as a direct placement in the amount of $13,150,000, less $157,000 for the cost of issuance. The notes are secured by surplus revenues of local water or wastewater utilities and the proceeds of any grants or loans subsequently received for permanent funding of projects. The notes are required to be repaid only from the repayments of design loan program receivables. Interest is paid semi-annually on May 1 and November 1 at a rate of 2.24% on the amount advanced. Notes mature November 1, 2022, at which time the principal amount and any remaining interest will be due. Total proceeds of $5,755,974 were received by the Authority as of the year ended June 30, 2021, leaving a balance of $7,394,024 available to be drawn upon in accordance with the program.

Note 10. Pension Plan

Plan description

The Authority contributes to the PERS, a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS covers substantially all employees of the State and its component units, as well as employees of participating non-state governmental entities who are not participants of another state or municipal retirement system. Benefits under PERS include retirement, death and disability benefits, and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS that may be obtained at www.wvretirement.com.

Note 10. Pension Plan (Continued)

Benefits provided

PERS provides retirement benefits as well as death and disability benefits. For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For all employees hired July 1, 2015 and later, qualification for normal retirement is age 62 with 10 years of service. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the highest annual compensation during any period of three consecutive years within the last fifteen years of earnings. For all employees hired July 1, 2015 and later, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings. For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired July 1, 2015 and later, this age increases to 64 with 10 years of service.

Contributions

Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employers are established by the CPRB. Members hired prior to July 1 2015 contribute 4.5% of annual earnings. All members hired July 1, 2015 and later contribute 6% of annual earnings. Current funding policy requires employer contributions of 10.0% for the years ended June 30, 2021, 2020, and 2019, respectively.

During the years ended June 30, 2021, 2020, and 2019, the Authority's contributions to PERS required and made were approximately$48,348, $49,789, and$56,511, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2021, the Authority reported a liability of $169,009 for its proportionate share of the net pension liability. The net pension liability reported at June 30, 2021 was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to the measurement date of June 30, 2020. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2020. At June 30, 2020, the Authority's proportion was 0.031969 percent, which was a decrease of 0.00684 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Authority recognized pension expense of $23,477. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 10. Pension Plan (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 53,568	$ -
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	9,888	5,789
Changes in Assumptions	-	3,484
Differences between expected and actual experience	24,871	7,446
The Authority's contributions made subsequent to the measurement date of June 30, 2020	48,348	-
Total	$ 136,675	$ 16,719

The amount of $48,348 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2022	$ (3,012)
2023	25,569
2024	29,769
2025	19,282

Actuarial assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0 percent
Salary increases	3.1 - 6.5% percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018 for active employees, 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy males, 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy females, 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018 for disabled males, and 117% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018 for disabled females.

(Continued)

Note 10. Pension Plan (Continued)

Actuarial assumptions (Continued)

An experience study, which was based on the years 2013 through 2018, was used for the 2020 actuarial valuation.

The long-term rates of return on pension plan investments was determined using the building block method in which estimates 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. Best estimates of long-term geometric rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return	Weighted Average Expected Real Rate of Return
Domestic equity	27.5%	5.5%	1.51%
International equity	27.5%	7.0%	1.93%
Fixed income	15.0%	2.2%	0.33%
Real estate	10.0%	6.6%	0.66%
Private equity	10.0%	8.5%	0.85%
Hedge funds	10.0%	4.0%	0.40%
Total	100.00%		5.68%
Inflation (CPI)			1.90%
			7.58%

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

Note 10. Pension Plan (Continued)

Actuarial assumptions (Continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability (asset)	$ 430,612	$ 169,009	$ (52,182)

Note 11. Other Postemployment Benefits

Plan description

The West Virginia Other Postemployment Benefit Plan (the OPEB Plan) is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the OPEB Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The OPEB Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. OPEB Plan benefits are established and revised by PEIA and the RHBT management with approval of their Finance Board. The PEIA issues a publically available financial report of the RHBT that can be obtained at www.peia.wv.gov or by writing to the West Virginia Public Employees Insurance Agency, 601 57th Street, SE Suite 2, Charleston, WV 25304.

Benefits provided

Authority employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the PERS or meet certain other eligibility requirements of other West Virginia Consolidated Public Retirement Board (CPRB) sponsored retirement plans. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions. The medical and prescription drug insurance is provided through two options; Self-Insured Preferred Provider Benefit Plan - primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses.

(Continued)

Note 11. Other Postemployment Benefits (Continued)

Benefits provided (Continued)

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Plan administered by a vendor. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to the MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is a closed plan to new entrants.

Contributions

West Virginia Code section 5-16D-6 assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. Employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters, including billing adjustments. The annual contractually required per active policyholder per month rates for State non-general funded agencies and other participating employers effective June 30, 2021, 2020, and 2019, respectively, were:

	2021	2020	2019
Paygo Premium	$ 160	$ 168	$ 183

Contributions to the OPEB plan from the Authority were $16,277, $15,258 and $17,733 for the years ended June 30, 2021, 2020, and 2019, respectively.

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contribution.

Note 11. Other Postemployment Benefits (Continued)

Contributions (Continued)

- Members hired from July 1, 1988, to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

Contributions by non-employer contributing entities in special funding situations

The State of West Virginia is a nonemployer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating $30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The $30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of $5 million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The $5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020, which is the measurement date of the liability reported as of June 30, 2021. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through SB 469 which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. The public school support plan (PSSP) is a basic foundation allowance program that provides funding to the local school boards for "any amount of the employer's annual required contribution allocated and billed to the county boards for employees who are employed as professional employees, employees who are employed as service personnel and employees who are employed as professional student support personnel", within the limits authorized by the State Code. This special funding under the school aid formula subsidizes employer contributions of the county boards of education.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2021, the Authority reported a liability for its proportionate share of the RHBT net OPEB liability that reflected a reduction for State OPEB support provided to the Authority. The amount recognized by the Authority as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Authority was as follows:

(Continued)

Note 11. Other Postemployment Benefits (Continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB (Continued)

	2021
Authority's proportionate share of the net OPEB liability	$ 34,958
State's special funding proportionate share of the net OPEB liability associated with the Authority	7,730
Total portion of net OPEB liability associated with the Authority	$ 42,688

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The Authority's proportion of the net OPEB liability was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At June 30, 2020, the Authority's proportion was .0079146 percent, which is a decrease of .0019749 percent from its proportion measured as of June 30, 2019.

For the years ended June 30, 2021, the Authority recognized OPEB expense (revenue) of $(62,096) and for support provided by the State under special funding situations revenue of $3,320. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 22,668
Changes in assumptions	-	78,912
Net difference between projected and actual earnings on OPEB plan investments	2,652	-
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	21,318	20,557
Reallocation of opt out employer change in proportionate share	-	2,265
Authority's contributions subsequent to the measurement date of June 30, 2020	16,277	-
Total	$ 40,247	$ 124,402

Note 11. Other Postemployment Benefits (Continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB (Continued)

The amount of $16,277 reported as deferred outflows of resources related to OPEB resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2021	$ (42,692)
2022	(30,157)
2023	(27,088)
2024	(495)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of (31.11%) for plan year end 2022. 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20 year closed period
Remaining amortization period	20 years closed as of June 30, 2017

Note 11. Other Postemployment Benefits (Continued)

Actuarial assumptions (Continued)

Post-retirement mortality retirement rates were based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for Teachers' Retirement System (TRS), Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females for PERS, and Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for West Virginia Death, Disability, and Retirement Fund (Trooper A) and West Virginia State Police Retirement System (Trooper B). Pre-retirement mortality rates were based on Pub-2010 General Employee Mortality Tables projected with MP-2019 for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019 for PERS, and Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Troopers A and B.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period 2015 through 2020.

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2018 and a measurement date of June 30, 2020. The net effect of the assumption changes on the plan, in total, was approximately $1,147 million.

- General/price inflation – decrease price inflation rate from 2.75% to 2.25%
- Discount rate – decrease discount rate from 7.15% to 6.65%
- Wage inflation – decrease wage inflation rate from 4.00% to 2.75% for PERS and TRS, and 3.25% for Troopers A and B
- OPEB retirement – develop explicit retirement rates for members who are eligible to retire with healthcare benefits and elect healthcare coverage
- Waived annuitant termination – develop explicit waived termination rates for members who are eligible to retire with healthcare benefits but waive healthcare coverage
- SAL conversion – develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits
- Lapse/re-entry – develop net lapse/re-entry rates for members who either lapse coverage after electing healthcare coverage or elect healthcare coverage after waiving coverage
- Other demographic assumptions – develop termination, disability, and mortality rates based on experience specific to OPEB covered group
- Salary increase – develop salary increase assumptions based on experience specific to the OPEB covered group

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 2.50% for assets invested with the BTI. Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the BTI.

(Continued)

Note 11. Other Postemployment Benefits (Continued)

Actuarial assumptions (Continued)

The long-term rate of return on OPEB plan investments are determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB 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. Target asset allocations, capital market assumptions, and a forecast of returns were provided by the plan's investment advisors, including the WVIMB. The projected return for the Money Market Pool held with the BTI was estimated based on the WVIMB assumed inflation of 2.0% plus a 25 basis point spread. The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	52.25%	6.8%
Core Plus Fixed Income	14.25%	4.1%
Hedge Fund	9.50%	4.4%
Private Equity	9.50%	8.8%
Core Real Estate	9.50%	6.1%
Cash and cash equivalents	5.0%	0.25%

Discount rate

A single discount rate of 6.65% was used to measure the total OPEB liability. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, 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 total OPEB liability. Discount rates are subject to change between measurement dates.

Other key assumptions

Members hired on or after July 1, 2010, are required to pay 100% of expected cost of coverage, resulting in no implicit or explicit employer cost. Consequently, these members are excluded from the actuarial valuation.

Note 11. Other Postemployment Benefits (Continued)

OPEB Subsequent event

Subsequent to the OPEB valuation with a measurement date of June 30, 2020, the RHBT was still experiencing the effects of the global pandemic that was declared by the World Health Organization due to an outbreak and spread of the COVID-19 virus. The OPEB valuation with a measurement date of June 30, 2020, does not reflect the recent and still developing impact of COVID-19, which is likely to influence healthcare claims experience, demographic experience and economic expectations.

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the Authority's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Authority's proportionate share of the net OPEB liability	$ 49,855	34,958	$ 22,488

Sensitivity of the Authority's proportionate share of net OPEB liability to changes in the healthcare cost trend rates.

The following presents the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Authority's proportionate share of the net OPEB liability	$ 21,035	$ 34,958	$ 51,775

Note 12. General and Administrative Expenses

General and administrative expenses for the year ended June 30, 2021, are as follows:

Personal services	$ 518,231
Legal	50,654
Professional	49,450
Trustee	34,965
Employee benefits	(37,865)
Public employees insurance	60,665
Office supplies/printing	34,000
Advertising	69
Repairs and maintenance	51,864
Travel	192
Utilities	31,113
Telecommunications	52,127
Payroll taxes	10,065
Computer supplies/services	157,812
Janitorial	11,281
Miscellaneous	2,639
Rental	6,780
Administrative	1,929
Insurance	15,650
Training and development	200
	$ 1,051,821

Note 13. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters.

The Authority has obtained coverage for job-related injuries of employees and health coverage for its employees from a commercial insurance provider and the WVPEIA, respectively. In exchange for the payment of premiums to the commercial insurance provider and WVPEIA, the Authority has transferred its risk related to job-related injuries and health coverage for employees.

The Authority participates in the West Virginia Board of Risk and Insurance Management to obtain coverage for general liability, property damage, business interruption, errors and omissions, and natural disasters. Coverage is offered in exchange for an annual premium. There were no changes in coverage or claims in excess of coverage for the year ended June 30, 2021.

Note 14. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

The GASB issued **Statement No. 87**, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021.

The GASB issued **Statement No. 91**, *Conduit Debt Obligations* in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The GASB issued **Statement No. 92**, *Omnibus 2020* in January 2020. This Statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for periods beginning after June 15, 2021.

The GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates* in March 2020. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate. The removal of the London Interbank Offered Rate as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. Paragraphs 13 and 14 of Statement No. 93, related to lease modifications is effective for fiscal years beginning after June 15, 2021. All other requirements of the statement were effective for periods beginning after June 15, 2020 and had no impact on the financial statements in the current fiscal year.

The GASB issued **Statement No. 96,** *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

Note 15. Segment Information

The presentation of segment information for the Authority, which follows, and conforms with GAAP is comprised of the following segments:

Loan Program I includes Series 2012 A-I and 2012 B-I Water Development Revenue Refunding Bonds. Loan Program II includes Series 2016 A-II Water Development Revenue Refunding Bonds, 2012 A-II, 2012 B-II, and 2013 A-II Water Development Revenue Refunding Bonds. Loan Program III includes Series 2012 A-III and 2012 B-III Water Development Revenue Refunding Bonds. Loan Program IV includes Series 2018 A-IV and 2018 B-IV Water Development Revenue Bonds.

(Continued)

Note 15. Segement Information (Continued)

	Loan Program I	Loan Program II	Loan Program III
ASSETS			
Current - unrestricted	$ 3,149,289	$ 8,493,671	$ 783,779
Noncurrent - unrestricted	-	-	-
Restricted - current and noncurrent	11,004,215	89,722,149	24,205,410
Capital assets, net	-	-	-
Total assets	$ 14,153,504	$ 98,215,820	$ 24,989,189
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension and OPEB	$ -	$ -	$ -
Deferred loss on bond refundings	1,341,447	4,419,182	282,244
Total deferred outflows of resources	$ 1,341,447	$ 4,419,182	$ 282,244
LIABILITIES			
Current	$ 1,584,841	$ 6,582,454	$ 1,152,888
Long-term	8,153,197	78,085,546	20,192,403
Total liabilities	$ 9,738,038	$ 84,668,000	$ 21,345,291
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension and OPEB	$ -	$ -	$ -
Deferred gain on refunding	-	-	-
Total deferred inflows of resources	$ -	$ -	$ -
NET POSITION			
Restricted	$ 4,192,465	$ 16,055,785	$ 4,295,251
Unrestricted	1,564,448	1,911,217	(369,109)
Net investment in capital assets	-	-	-
Total net position	$ 5,756,913	$ 17,967,002	$ 3,926,142
OPERATING REVENUE			
Charges for services and miscellaneous revenue	$ 904,773	$ 5,881,013	$ 1,379,104
OPERATING EXPENSES			
Depreciation and amortization	-	-	-
General and administrative	-	-	-
Allocation of general and administrative	63,168	527,385	130,506
OPERATING INCOME	841,605	5,353,628	1,248,598
NONOPERATING REVENUES (EXPENSES):			
Interest and investment revenue	946	3,860	1,087
Interest expense	(422,311)	(3,356,195)	(738,113)
Transfers (net)	(512,884)	(1,272,979)	130,509
Change in net position	(92,644)	728,314	642,081
Beginning net position	5,849,557	17,238,688	3,284,061
Ending net position	$ 5,756,913	$ 17,967,002	$ 3,926,142
Net cash provided by (used in):			
Operating activities	$ 1,656,225	$ 8,847,356	$ 1,974,994
Capital and related financing activities	-	-	-
Noncapital financing activities	(1,657,475)	(8,852,475)	(1,492,356)
Investing activities	1,088	4,464	1,325
Beginning cash and cash equivalents	2,146,888	8,947,879	3,860,006
Ending cash and cash equivalents	$ 2,146,726	$ 8,947,224	$ 4,343,969

Note 15. Segement Information (Continued)

	Loan Program IV	Supplemental	Total
ASSETS			
Current - unrestricted	$ 144,883	$ 44,959,282	$ 57,530,904
Noncurrent - unrestricted	-	7,891,498	7,891,498
Restricted - current and noncurrent	37,376,223	2,693,468	165,001,465
Capital assets - net	-	3,906,931	3,906,931
Total assets	$ 37,521,106	$ 59,451,179	$ 234,330,798
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension and OPEB	$ -	$ 176,922	$ 176,922
Deferred loss on bond refundings	-	-	6,042,873
Total deferred outflows of resources	$ -	$ 176,922	$ 6,219,795
LIABILITIES			
Current	$ 1,475,224	$ 45,196	$ 10,840,603
Long-term	36,834,523	6,054,440	149,320,109
Total liabilities	$ 38,309,747	$ 6,099,636	$ 160,160,712
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension and OPEB	$ -	$ 141,121	$ 141,121
Deferred gain on refunding	524,680	-	524,680
Total deferred inflows of resources	$ 524,680	$ 141,121	$ 665,801
NET POSITION			
Restricted	$ 17,020	$ (3,325,171)	$ 21,235,350
Unrestricted	(1,330,341)	52,805,584	54,581,799
Net investment in capital assets	-	3,906,931	3,906,931
Total net position	$ (1,313,321)	$ 53,387,344	$ 79,724,080
OPERATING REVENUE			
Charges for services and miscellaneous revenue	$ 1,976,417	$ 805,152	$ 10,946,459
OPERATING EXPENSES			
Depreciation and amortization	3,659	144,628	148,287
General and administrative	-	1,051,821	1,051,821
Allocation of general and administrative	236,336	(957,395)	-
OPERATING INCOME	1,736,422	566,098	9,746,351
NONOPERATING REVENUES (EXPENSES):			
Interest and investment revenue	174	24,053	30,120
Interest expense	(1,411,448)	(131,769)	(6,059,836)
Transfers (net)	(201,384)	1,856,738	-
Change in net position	123,764	2,315,120	3,716,635
Beginning net position	(1,437,085)	51,072,224	76,007,445
Ending net position	$ (1,313,321)	$ 53,387,344	$ 79,724,080
Net cash provided by (used in):			
Operating activities	$ 2,622,336	$ 1,475,600	$ 16,576,511
Capital and related financing activities	-	(64,996)	(64,996)
Noncapital financing activities	(2,622,489)	1,532,181	(13,092,614)
Investing activities	174	5,331,276	5,338,327
Beginning cash and cash equivalents	57,042	30,593,050	45,604,865
Ending cash and cash equivalents	$ 57,063	$ 38,867,111	$ 54,362,093

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System Plan

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Authority's proportion (percentage) of the net pension liability	0.031969%	0.038807%	0.034590%	0.038057%	0.039702%	0.043182%	0.040945%
Authority's proportionate share of the net pension liability	$169,001	$83,440	$ 89,328	$ 164,270	$ 364,905	$ 241,080	$ 151,290
Authority's covered payroll	$497,894	$567,261	$ 530,152	$ 530,764	$ 553,481	$ 587,420	$ 507,753
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	33.945%	14.710%	16.850%	30.950%	65.929%	41.040%	29.796%
Plan fiduciary net position as a percentage of the total pension liability	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

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

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF CONTRIBUTIONS TO THE PERS

	Year Ended June 30,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	$ 48,347	$ 49,789	$ 56,511	$ 57,366	$ 63,388	$ 74,720	$ 81,986	$ 72,599	$ 62,525
Contributions in relation to the statutorily required contribution	$ (48,347)	$ (49,789)	$ (56,511)	$ (57,366)	$ (63,388)	$ (74,720)	$ (81,986)	$ (72,599)	$ (62,525)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 494,467	$ 497,894	$ 567,261	$ 530,152	$ 530,764	$ 553,481	$ 587,420	$ 507,753	$ 463,946
Contributions as a percentage of covered payroll	9.78%	10.00%	9.96%	11.00%	12.00%	13.50%	14.00%	14.30%	13.48%

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Retiree Health Benefit Trust

	Year Ended June 30,			
	2021	2020	2019	2018
Authority's proportion (percentage) of the net OPEB liability	0.0079146%	0.0098895%	0.0081246%	0.0064466%
Authority's proportionate share of the net OPEB liability	$ 34,958	$ 164,080	$ 174,309	$ 158,520
State's proportionate share of the net OPEB liability associated with the Authority	7,730	33,578	36,025	32,560
Total proportionate share of the net OPEB liability associated with the Authority	$ 42,688	$ 197,658	$ 210,334	$ 191,080
Authority's covered employee payroll	$ 104,972	$ 131,838	$ 111,957	$ 214,103
Authority's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	33.302%	124.460%	155.690%	74.040%
Plan fiduciary net position as a percentage of the total OPEB liability	73.49%	39.69%	30.98%	25.10%

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF CONTRIBUTIONS TO THE RHBT

	Year Ended June 30,					
	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 16,277	$ 15,258	$ 17,733	$ 17,523	$ 8,604	$ 19,152
Contributions in relation to the statutorily required contribution	$ (16,277)	$ (15,258)	$ (17,733)	$ (17,523)	$ (8,604)	$ (19,152)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered employee payroll	$ 131,859	$ 104,972	$ 131,838	$ 111,957	$ 214,103	$ 247,855
Contributions as a percentage of covered employee payroll	12.34%	14.54%	13.45%	15.65%	4.02%	7.73%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

Note 1. Trend Information Presented

The accompanying schedules of the Authority's proportionate share of the net OPEB and pension liabilities and contributions to PERS and RHBT are required supplementary information to be presented for 10 years. However, until a full 10 year trend is compiled, information is presented in the schedules for those years for which information is available.

Note 2. OPEB Changes in Assumptions

Below are changes in assumptions between the 2020 and 2018 valuations:

The assumption changes that most significantly impacted the total OPEB liability were an approximate \$831 million decrease due to updated capped subsidy rates, per capita costs, and trend rates, as well as an approximate \$279 million decrease due to changes in assumptions as a result of an experience study as follows:

- General/price inflation – decrease price inflation rate from 2.75% to 2.25%
- Discount rate – decrease discount rate from 7.15% to 6.65%
- Wage inflation – decrease wage inflation rate from 4.00% to 2.75% for PERS and TRS, and 3.25% for Troopers A and B
- OPEB retirement – develop explicit retirement rates for members who are eligible to retire with healthcare benefits and elect healthcare coverage
- Waived annuitant termination – develop explicit waived termination rates for members who are eligible to retire with healthcare benefits but waive healthcare coverage
- SAL conversion – develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits
- Lapse/re-entry – develop net lapse/re-entry rates for members who either lapse coverage after electing healthcare coverage or elect healthcare coverage after waiving coverage.
- Other demographic assumptions – develop termination, disability, and mortality rates based on experience specific to OPEB covered group
- Salary increase – develop salary increase assumptions based on experience specific to the OPEB covered group

Below are changes in assumptions between the 2018 and 2017 valuations:

The assumption changes that most significantly impacted the total OPEB liability were an approximate \$11.8 million decrease in the per capita claims costs for Pre-Medicare and Medicare, as well as an approximate \$224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the total OPEB liability.

Below are changes in assumptions between the 2017 and 2016 valuations:

The assumption changes that most significantly impacted the Net OPEB Liability are as follows: the inclusion of waived annuitants increased the liability by approximately \$17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately \$68 million; a change in certain healthcare-related assumptions decreased the liability by approximately \$232 million; and an update to the mortality tables increased the liability by approximately \$25 million. Certain other assumption changes were noted but did not materially impact the Net OPEB Liability.

(Continued)

Note 2. OPEB Changes in Assumptions (Continued)

Below are changes in the assumptions between the 2016 and 2015 valuations:

Certain economic and behavioral assumptions are unique to healthcare benefits. These assumptions include the healthcare trend, per capita claims costs, the likelihood that a member selects healthcare coverage and the likelihood that a retiree selects one-person, two person or family coverage. These assumptions were updated based on a recent experience study performed by the RHBT actuaries using five-year experience data through June 30, 2015. The updated per capita claims costs were also based on recent claims, enrollment and premium information as of the valuation date.

For the June 30, 2016 valuation, the retiree healthcare participation assumption for each retirement plan is slightly higher than the previous assumption used in the June 30, 2015 OPEB valuation. More members who were covered as actives will be assumed to participate as retirees.

The 2016 and 2015 valuations include consideration of the $30 million annual appropriations under Senate Bill 419, through July 1, 2037, or if earlier, the year the benefit obligation is fully funded. Additionally, the presentation of covered payroll was changed for the June 30, 2015, actuarial valuation. Participating employees hired before July 1, 2010, pay retiree premiums that are subsidized based on years of service at retirement. Participating employees hired on or after July 1, 2010, are required to fully fund premium contributions upon retirement. Consequently, beginning June 30, 2015, actuarial valuation covered payroll represents only the payroll for those OPEB eligible participating employees that were hired before July 1, 2010, allowing a better representation of the UAAL as a percentage of covered payroll, whereas, for the prior years, covered payroll is in total for all participating employees.

Note 3. Pension Plan Amendments

The PERS was amended to make changes which apply to new employees hired July 1, 2015 and later as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least age 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired July 1, 2015 and later, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between ages 60 and 62 with at least ten years of contributory service, between ages 57 and 62 with at least twenty years of contributory service, or between ages 55 and 62 with at least thirty years of contributory service.

- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired July 1, 2015 and later average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.

Note 3. Pension Plan Amendments (Continued)

- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired July 1, 2015 and later, this age increases to 64 with at least ten years of contributory service, or age 63 with at least twenty years of contributory service.

- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired July 1, 2015 and later, are required to contribute 6% of annual earnings.

Note 4. Pension Plan Assumptions

The information in the schedules of the proportionate share of the net pension liability was based on actuarial valuations rolled forward to measurement dates of June 30 of each year presented below using the following actuarial assumptions:

PERS	2019-2020	2015-2018	2014
Projected salary increase			
State	3.1 - 5.3%	3.0 - 4.6%	4.25 - 6.0%
Nonstate	3.35 - 6.5%	3.35 - 6.0%	4.25 - 6.0%
Inflation rate	3.00%	3.0% (2016-2018); 1.9% (2015)	2.2%
Mortality rates	Active-100% of Pub-2010 General Employees table, below median, headcount weighted, projected generationally with scale MP-2018 Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018 Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018 Disabled females-117% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	Active-RP-2000 Non-Annuitant tables, Scale AA fully generational Retired healthy males – 110% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy females – 101% of RP-2000 Non-Annuitants, Scale AA fully generational Disabled males – 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled females – 107% of RP-2000 Disabled Annuitant, Scale AA fully generational	Healthy males – 1983 GAM Healthy females – 1971 GAM Disabled males-1971 GAM Disabled females-Revenue ruling 96-7
Withdrawal rates			
State	2.28-45.63%	1.75 - 35.1%	1 – 26%
Nonstate	2.50-35.88%	2 - 35.8%	2 – 31.2%
Disability rates	0.005-0.540%	0. - 67.5%	0 – 8%
Experience study	2013-2018	2009-2014	2004-2009

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

To the Board of Directors
West Virginia Water Development Authority
Charleston, West Virginia

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Virginia Water Development Authority (the Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 5, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 5, 2021

WEST VIRGINIA
Water Development Authority
Celebrating 47 Years of Service 1974-2021

APPENDIX C

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

FINANCIAL REPORT

June 30, 2021

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BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the West Virginia Bureau for Public Health and
the West Virginia Water Development Authority
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia Drinking Water Treatment Revolving Fund (the Fund), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Drinking Water Treatment Revolving Fund, as of June 30, 2021, and the changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the West Virginia Drinking Water Treatment Revolving Fund and do not purport to, and do not present fairly the financial position of the State of West Virginia as of June 30, 2021, the changes in financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Fund's basic financial statements. The accompanying information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The accompanying information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 accompanying information and the schedule of expenditures of federal awards are 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 5, 2021, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 5, 2021

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

INTRODUCTION

Our discussion and analysis of the West Virginia Drinking Water Treatment Revolving Fund's (the "Fund") financial performance provides an overview of the Fund's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Fund's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- Under the former American Recovery and Reinvestment Act (ARRA), the Drinking Water Treatment Revolving Fund was awarded $19.5 million, of which $19.25 million was to be distributed through the drinking water revolving loan program. Under the ARRA program at least 50% of the $19,250,000 was required to be provided in the form of principal forgiveness loans (an approved loan type whereby the loan recipient is not required to repay the loan). The Fund closed fourteen (14) projects receiving ARRA funding over the life of the program. $18.95 million of the $19.25 million was provided in the form of principal forgiveness loans. The ARRA principal forgiveness loans are written off quarterly according to their respective debt service schedules. A total of $18.63 million in ARRA principal forgiveness loans have been written off against the existing allowance for principal forgiveness since the inception of the program.

- The United States Environmental Protection Agency (the "EPA") authorized the Fund to issue principal forgiveness loans. These loans, which are issued to certain local government agencies or other eligible water providers will be forgiven on the 30th day of June in the fiscal year coinciding with the disbursement or on the last day of the month in which the last disbursement is made. These loans are deemed no longer outstanding after the last loan disbursement is forgiven. Therefore, it is the Fund's policy to maintain an allowance for principal forgiveness loans, equal to the amount of the disbursement, until the last disbursement is made. Consistent with the prior year, a large operating expense, grant expense – principal forgiveness, was incurred due to the provisions of the EPA principal forgiveness loans. Total principal forgiveness loans disbursed during the fiscal year totaled $2.05 million. The Fund's change in net position, therefore, consists of total revenues, non-operating revenues, and capital grants and contributions less operating expenses and non-operating expenses.

- The Fund's assets increased by $7,282,806 or 4%. This is largely due to an increase in the investment of funds available for projects. The Fund's liabilities increased $14,035. This is largely due to an increase in accounts payable. The Fund's net position increased by $7,268,772 or 4%.

- The Fund's revenues decreased by $533,961 or approximately 24%. This is primarily due to a decrease in investment earnings of $551,377 or 88%.

- Capital grant and contribution awards from the EPA and the State of West Virginia (the "State") continue to provide the necessary resources to the Fund to carry out its mission. Federal and state awards for the Fund are described in footnote 5 in the accompanying financial statements. Capital grants and contributions received from the EPA and the State increased by $1,254,634 from the prior year.

- Eighteen (18) new loans were closed during the current year. Also, there are eight (8) additional loans that are still under construction that were closed in prior years three (3) of which are substantially complete but still have a remaining loan balance.

USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report the Fund's net position and changes in net position. The Fund's net position, which is the difference between assets and liabilities, is one way to measure the Fund's financial health or financial position. Over time, increases or decreases in the Fund's net position is one indicator of whether its financial health is improving or deteriorating.

THE FUND AS A WHOLE

Assets of the Fund increased $7,282,807 or 4%. The Fund has $42,868 in liabilities as of the current fiscal year and $28,833 in liabilities in the prior fiscal year ended June 30, 2020. This increase in assets approximates the increase in the Fund's net position. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the Fund's activities.

Table 1
Statement of Net Position

	2021	2020
Assets		
Current Assets	$ 58,777,866	$ 53,028,747
Loans Receivable, less current maturities, net	134,487,638	132,953,950
Total assets	$ 193,265,504	$ 185,982,697
Liabilities		
Current Liabilities	$ 42,868	$ 28,833
Net position		
Restricted	$ 193,222,636	$ 185,953,864

THE FUND AS A WHOLE (Continued)

Table 2
Statement of Revenues, Expenses, and Changes in Fund Position

	2021	2020
Revenues:		
Operating revenues:		
Administrative fees	$ 777,007	$ 759,186
Interest on loans	859,460	859,865
Total operating revenues	1,636,467	1,619,051
Investment earnings	72,898	624,275
Total revenues	1,709,365	2,243,326
Operating expenses	(2,212,342)	(1,420,367)
Non-operating expense	(343,637)	-
Total expenses	(2,555,979)	(1,420,367)
Income (loss) before capital grants and contributions	(846,614)	822,959
Capital grants and contributions	8,115,386	6,860,752
Increase in net position	$ 7,268,772	$ 7,683,711

Most of the increase in the Fund's assets and net position is attributable to both the capital grants and contributions received in the current year from the EPA in the amount of $5,913,186 and the State match through the West Virginia Infrastructure and Jobs Development Council in the amount of $2,202,200 totaling $8,115,386 Of the $5,913,186 received from the EPA in the current year, $1,501,455 was disbursed with an agreed 100% loan forgiveness feature. 100% of the EPA amount was for eligible costs reviewed and approved by the Fund and was disbursed as loans to local governmental agencies to assist in drinking water infrastructure projects and is included on the balance sheet in "Loans Receivable." Of the $2,202,200 received from the State during the current year in matching funds, $1,658,254 was disbursed during the year. In addition, $1,974,806 in cumulative investment earnings on current and previous State match amounts have been committed to drinking water infrastructure projects but have not yet been expended. These moneys are invested with the West Virginia Board of Treasury Investments and are included on the balance sheet as "Cash Equivalents."

The Fund's liabilities are attributable to the year's administrative expenses that were payable at the end of the fiscal year.

THE FUND AS A WHOLE (Continued)

Capital grant income from the EPA is recognized after the Fund has reviewed and approved supporting invoices for disbursements of loan proceeds to local governmental agencies and the federal portion of those disbursements has been received by the Fund. Capital grant income from the EPA increased $1,253,234 from the prior year. The sources of funding for loans to local governmental agencies, besides the capital grant income from the EPA, and the State match, include revolving loan repayments, and investment earnings, which in total have decreased $110,009 from prior year. Eighteen (18) loans closed during the current year, totaling $25,643,686. Three (3) loans closed in the first quarter, five (5) in the second quarter, four (4) closed in the third quarter, and six (6) closed in the fourth quarter.

Total revenues, including operating revenues and investment earnings equaled $1,709,365. This was a decrease of $533,961 from prior year. This was attributed to a decrease in investment earnings of $551,377 below the prior year.

The eighteen loans that closed in the current year totaled $25,643,686. The amounts disbursed for these loans totaled $7,360,823 of which $3,319,304 represented federal funds, including $1,501,455 of those funds having principal forgiveness features, $1,587,469 represented state match, including $243,059 of those funds having principal forgiveness features and $2,454,050 represented proceeds from loan repayment, including $306,723 of those funds having principal forgiveness features. The amount disbursed during the current year for loans closed in prior years totaled $3,352,465 of which $3,158,076 represented federal funds with $564,194 of those funds having principal forgiveness features, $70,785 represented State match, and $123,604 represented proceeds from loan repayment. The sum of all disbursements for the years ended June 30, 2021 and 2020 was $10,149,094 and $9,003,802, respectively.

COMMITMENTS AND PENDING APPLICATION FOR EPA GRANT

As of June 30, 2021, the Fund had outstanding binding commitments to loan to qualified recipients of $15,940,615 and a $8,054,240 grant awarded by the EPA but not yet disbursed for approved drinking water infrastructure projects. Funding for approved projects will come from resources currently available to the Fund such as loan repayments as well as federal capital grants and State matches to be paid to the Fund in future periods. As of the year ended June 30, 2021 the Fund has $49,965,284 in cash equivalents available for these projects. Additionally, the Fund has $52,884 of cash equivalents from user fees obtained from a State Settlement with the West Virginia American Water Company in 2004. These funds will be used for future drinking water infrastructure projects.

The West Virginia Bureau for Public Health submitted an application to the EPA for a grant for the Fund for the fiscal year 2022 grant period and is currently awaiting approval of an award in the amount of $11,100,000. The $2,220,000 State match has been committed to the Fund in order to secure the federal funds. The total of $13,320,000, awarded to the Fund, will be used to provide no-interest or low-interest traditional or principal forgiveness featured loans to assist in financing approved drinking water infrastructure projects.

The 2021 EPA Capitalization Grant awarded for fiscal year 2021 contained a provision which requires that not less than twenty (20) percent be provided to eligible water system loan recipients in the form of grants, negative interest, or principal forgiveness. Furthermore, in a state in which such an emergency declaration has been issued, the recipient may use more than twenty (20) percent of the funds made available for capitalization grants to provide additional subsidy to eligible recipients. The principal forgiveness will be provided to the loan recipients as a separate loan agreement. The principal forgiveness requirement is expected to remain a grant condition in the near future. While this provision will not directly enhance the Fund, the plan is that it will assist in meeting the Fund's goal of providing safe drinking water infrastructure to West Virginia residents.

CONTACTING THE FUND'S MANAGEMENT

This financial report is designed to provide a general overview of the Fund's finances and to show the Fund's accountability for the money it receives. The Fund is administered by the West Virginia Water Development Authority on behalf of the West Virginia Bureau for Public Health. If you have questions about this report or need additional information, contact the Executive Director or the Chief Financial Officer of the West Virginia Water Development Authority, 1009 Bullitt Street, Charleston, West Virginia 25301; call 304-414-6500 or visit the Authority's website (www.wvwda.org).

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

STATEMENT OF NET POSITION
June 30, 2021

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents (Note 3)	$ 50,018,168
Administrative fees receivable	64,487
Accrued interest receivable	72,752
Current maturities of loans receivable (Note 4)	8,622,459
Total current assets	58,777,866
LOANS RECEIVABLE, less current maturities (net of principal forgiveness of $855,016) (Note 4)	134,487,638
Total assets	$ 193,265,504
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable, related party (Note 8)	$ 42,868
NET POSITION	
Net position, restricted	$ 193,222,636

The Notes to the Financial Statements are an integral part of these statements.

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2021

OPERATING REVENUES	
Administrative fees	$ 777,007
Interest on loans	859,460
	1,636,467
OPERATING EXPENSE	
Administrative expense	161,105
Grant expense - principal forgiveness	2,051,237
	2,212,342
Operating loss	(575,875)
NONOPERATING REVENUES (EXPENSES)	
Investment income	72,898
Grant expense	(343,637)
Loss before capital grants and contributions	(846,614)
CAPITAL GRANTS AND CONTRIBUTIONS	
U.S. Environmental Protection Agency (Note 5)	5,913,186
State of West Virginia (Note 5)	2,202,200
	8,115,386
Increase in net position	7,268,772
NET POSITION, beginning	185,953,864
NET POSITION, ending	$ 193,222,636

The Notes to the Financial Statements are an integral part of these statements.

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

OPERATING ACTIVITIES	
Cash payments for:	
Loans originated	$ (10,149,094)
Administrative expenses	(147,070)
Cash receipts from:	
Principal repayments	7,953,381
Administrative fees	777,380
Interest on loans	858,721
Net cash and cash equivalent used in operating activities	(706,682)
CAPITAL AND FINANCING ACTIVITIES	
Capital grants and contributions received:	
U.S. Environmental Protection Agency	5,913,186
State of West Virginia, Infrastructure and Jobs Development Council	2,202,200
Payments for grant expense	(343,637)
Net cash provided by capital and related financing activities	7,771,749
INVESTING ACTIVITIES	
Investment income	72,898
Net increase in cash and cash equivalents	7,137,965
CASH AND CASH EQUIVALENTS, beginning	42,880,203
CASH AND CASH EQUIVALENTS, ending	$ 50,018,168
Reconciliation of operating income to net cash and cash equivalents used in operating activities:	
Operating loss	$ (575,875)
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:	
Increase in loans receivable	(144,476)
Decrease in administrative fees receivable	373
Increase in accrued interest receivable	(739)
Increase in accounts payable, related party	14,035
Net cash and cash equivalents provided by operating activities	$ (706,682)
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES	
New loans originated with principal forgiveness features	$ 2,051,237

The Notes to the Financial Statements are an integral part of these statements.

Note 1. Description of the Fund

The West Virginia Drinking Water Treatment Revolving Fund (the "Fund") was established pursuant to the Safe Drinking Water Act (the "Act") by the State of West Virginia (the State), as amended, and is administered by the West Virginia Water Development Authority (the Authority) on behalf of the Bureau for Public Health. The purpose of the Act was to establish and implement a State-operated perpetual revolving loan fund to provide no-interest or low-interest rate loans to local governmental agencies and other eligible water providers to assist in financing drinking water infrastructure projects, including but not limited to, design, treatment, distribution, transmission, storage and extensions; and remain in perpetuity by recirculating the principal repayments and interest earned from the loans. The Fund's programs are designed to provide financial assistance in the form of no-interest, low-interest, and forgivable loans to eligible local governmental agencies and other eligible water providers in the State in accordance with the Act. Such loan programs provide long-term financing to cover all or a portion of the cost of qualifying projects.

The Fund has received capital grants and contributions from the United States Environmental Protection Agency (the "EPA"), and the State, which is required to provide an additional twenty percent of the federal award as matching funds in order to qualify for funding. As of June 30, 2021 Congress has authorized the EPA to award $235,381,858 in capitalization grants to the State, of which $176,373,557 is allocated to the fund. The state is required to contribute $43,162,157 in matching funds to the Fund, which are provided through the West Virginia Infrastructure and Jobs Development Council. The 2022 Capitalization Grant State Match of $2,220,000 has been committed to the Bureau for Public Health and is awaiting approval of the EPA grant award.

These financial statements present the loan activity of the Fund and do not include the activity in any set-aside accounts required by the EPA grants.

Note 2. Significant Accounting Policies

Basis of presentation

The Fund is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with accounting principles generally accepted in the United States of America, these financial statements are prepared on the accrual basis of accounting, using the flow of economic resources measurement focus. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The Fund is a component of the State and as such is included in the State's financial statements as a proprietary fund and business type activity blended component using the accrual basis of accounting. Because of the Fund's presentation in these financial statements as a special purpose government engaged in business type activities, there may be differences between the presentation of amounts reported in these financial statements and the financial statements of the State as a result of major fund determination.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's estimates.

(Continued)

Note 2. Significant Accounting Policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include investments with the West Virginia Board of Treasury Investments ("BTI") and are recorded at amortized cost which approximates fair value. The State Treasurer deposits cash with the BTI at the direction of the Authority, and deposits are not separately identifiable as to specific types of securities. Such funds are available to the Fund daily.

Loans receivable

The State operates the Fund as a perpetual revolving loan program, whereby loans made to local governmental agencies or other eligible water providers are funded by a federal capitalization grant, including amounts awarded under the former American Recovery and Reinvestment Act of 2009 (ARRA), and the State matching amount and/or repayments from existing loans. Loan funds are disbursed to the local governmental agencies or other eligible water providers as costs are incurred on approved projects. Interest, if applicable, is not paid during construction but begins accruing three months before the date that local governmental agencies or other eligible water providers begin repayment; and the payment schedule is adjusted for actual amounts disbursed and interest accrued on those disbursements. The loans are secured by a lien on the revenues of the local governmental agencies' or other eligible water providers' water systems and by debt service reserve funds held by the West Virginia Municipal Bond Commission. According to the terms as set forth in the ARRA, management believes that it is probable that certain local government agencies will fulfill specific ARRA program requirements allowing for principal forgiveness, and as such a 100% principal forgiveness valuation has been made for certain program loans through the year ended June 30, 2021.

The Fund also issues loans eligible for principal forgiveness from funds provided under EPA grants received by the Fund. These loans, which are issued to certain local government agencies or other eligible water providers will be forgiven on the 30th day of June in the fiscal year coinciding with the disbursement. These loans, which are secured by principal only bonds issued by the loan recipient, and held in the name of the Authority and the West Virginia Bureau for Public Health on behalf of the Fund, are to be deemed no longer outstanding after the last loan disbursement is forgiven. Therefore, it is the Fund's policy to maintain an allowance for principal forgiveness loans, equal to the amount of the disbursement, until the last disbursement is made to the recipient and the loan can be removed from the outstanding loans list.

As of June 30, 2021, with the exception of forgivable loans, no provision for uncollectible accounts has been made because management believes that the loans will be repaid according to the loan terms. There are no principal or interest payments in default.

Administrative fees

Administrative fees are a percentage of the outstanding loan balance and are recognized as income when fees are earned over the life of the loan. Administrative fees are collected over the life of the loan concurrently with principle reduction payments by local governmental agencies or other eligible water providers at terms set forth in the applicable loan agreements.

Note 2. Significant Accounting Policies (Continued)

Capital grants and contributions

Amounts received from the EPA and the State for the continued capitalization of the Fund are recorded at cost as capital grants and contributions, when the funds are received.

Net position

Net position is reported as restricted. Restricted net position is the result of constraints placed on its use which have been imposed by the grantor agency and by law through enabling legislation.

Operating revenues and expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

Note 3. Cash and Cash Equivalents

The Authority, as administrative agent for the Fund, adopted investment guidelines for the Fund. Those guidelines require all investment funds to be invested in accordance with the Act and applicable federal guidelines related to the Fund. In accordance with the Act, the Fund, which is comprised of “moneys appropriated to the Fund by the Legislature, moneys allocated to the State by the federal government expressly for the purpose of establishing and maintaining a drinking water treatment revolving fund, all receipts from loans made from the Fund, all income from the investment of moneys held in the Fund, and all other sums designated for deposit to the Fund from any source, public or private” is to be “continued” in the Office of the State Treasurer. The State Treasurer has statutory responsibility for the daily cash management activities of the State’s agencies, departments, boards and commissions and transfers funds to the BTI for investment in accordance with West Virginia Code, policies set by the BTI and by provisions of bond indentures and trust agreements when applicable. The Fund’s cash balances are invested by the BTI in the BTI’s West Virginia Money Market Pool or deposited with the State Treasurer.

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WV Money Market Pool, has been rated AAAm by Standard & Poor’s. A fund rated AAAm has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAm is the highest principal stability fund rating assigned by Standard & Poor’s. The BTI itself has not been rated for credit risk by any organization.

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Note 3. Cash and Cash Equivalents (Continued)

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 or higher by Standard & Poor's (or its equivalent). The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value (in Thousands	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury notes *	Aaa	AA+	$ 37,505	0.55%
U.S. Treasury bills *	P-1	A-1+	354,997	5.19
Commercial Paper	P-1	A-1+	1,302,573	19.04
	P-1	A-1	2,634,701	38.50
Negotiable certificates of deposit	P-1	A-1+	138,500	2.02
	P-1	A-1	812,504	11.88
Money market funds	Aaa	AAAm	1,600	0.02
	NR	AAAm	217,022	3.17
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	1,325,680	19.37
U.S. Agency bonds and notes	Aaa	AA+	17,920	0.26
			$6,843,002	100.00%

*U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a pool's investment in a single corporate issuer. The BTI investment policy prohibits the West Virginia Money Market Pool from investing more than 5% of their assets in any one corporate name or one corporate issue.

Custodial credit risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

(Continued)

Note 3. Cash and Cash Equivalents (Continued)

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The West Virginia Money Market Pool is subject to interest rate risk.

The overall weighted average maturity of the investments of the West Virginia Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury notes	$ 37,505	1
U.S. Treasury bills	354,997	13
Commercial paper	3,937,274	73
Negotiable certificates of deposit	951,004	65
Repurchase agreements	1,343,600	6
Money market funds	218,622	1
	$ 6,843,002	52

Foreign Currency risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The West Virginia Money Market Pool does not hold interests in foreign currency or interests valued in foreign currency.

Note 4. Loans Receivable

As of June 30, 2021, loans receivable consisted of loans to local governmental agencies (LGA's) or other eligible water providers for qualifying projects which comply with the Act. The Fund issued $2,051,237 in loans whose principal was forgiven during the year ended June 30, 2021 in accordance with funding covenants provided by the EPA. Accordingly a valuation account for expected principal forgiveness has been recorded as of June 30, 2021 for the total allotment of anticipated qualifying principal forgiveness loans. During the year, the Fund disbursed $8,097,857 of loans which are required to be repaid in accordance with the loan agreements.

Note 4. Loans Receivable (Continued)

Loans receivable consisted of the following at June 30, 2021:

Loans without principal forgiveness features	$	143,110,097
ARRA loans		855,016
Total loans outstanding		143,965,113
Less:		
Allowance for expected principal forgiveness		855,016
Current maturities		8,622,459
Total loans receivable, net of current maturities and principal forgiveness	$	134,487,638

Non-principal forgiveness loans mature at various intervals through December 2052, ARRA and EPA principal forgiveness loans will be forgiven as the funds are drawn down. The scheduled principal payments on principal forgiveness loans maturing in subsequent years and annual principal forgiveness in future years are as follows at June 30:

2022	$	8,622,459
2023		7,860,193
2024		7,968,834
2025		7,939,279
2026		7,969,621
Thereafter		121,842,775
Less loans closed but not disbursed		18,238,048
Less current maturities		8,622,459
Less allowance for principal forgiveness programs		855,016
Total loans receivable, net of current maturities and principal forgiveness	$	134,487,638

Note 5. Capital Grants and Contributions

The Fund is awarded grants from the EPA as authorized by the Act and the State provides matching funds from the West Virginia Infrastructure and Jobs Development Council's Infrastructure Fund. Funds drawn are recorded as capital grants and contributions from the EPA and the State. As of June 30, 2021, the cumulative amounts awarded to the Fund from the EPA and the contributed matching funds from the State were as follows:

Effective Award Date	EPA Grant	State Match
09/11/1998	$ 9,076,449	$ 2,511,760
06/11/1999	12,965,142	2,917,020
12/10/2001	5,352,330	1,551,400
11/09/2002	5,374,479	1,557,820
10/23/2003	5,556,225	1,610,500
06/16/2005	5,522,829	1,600,820
12/01/2005	5,729,139	1,660,620
12/04/2006	5,716,995	1,657,100
12/19/2007	5,678,217	1,645,860
11/07/2008	6,089,460	1,645,800
06/15/2009*	15,350,000	-
08/03/2009*	3,900,000	-
10/01/2009	5,620,740	1,629,200
07/29/2010	7,345,036	1,629,200
09/22/2010	9,466,950	2,714,600
09/15/2011	6,394,920	1,883,600
01/20/2012*	150,000	-
09/05/2012	6,224,032	1,801,257
07/01/2013	5,810,490	1,684,200
07/01/2014	6,701,750	1,769,000
07/01/2015	6,590,250	1,757,400
06/27/2016	5,949,000	1,662,400
08/01/2017	5,458,468	1,648,200
09/05/2018	7,940,580	2,221,400
09/20/2019	8,355,836	2,200,800
09/01/2020	8,054,240	2,202,200
	$ 176,373,557	$ 43,162,157

*Funds did not require a State match.

Note 5. Capital Grants and Contributions (Continued)

The following represents the amounts of EPA grants and State matching funds received by the Fund through June 30, 2021:

Cumulative Through	Federal	State	Total Capital Grants and Contributions
June 30, 2021	$ 168,319,317	$ 43,162,157	$ 211,481,474

Note 6. Commitments

The Fund has established a list of local governmental agencies that have formally been recommended by the West Virginia Infrastructure and Jobs Development Council and approved by the Bureau for Public Health to participate in future lending activities consistent with the guidelines of the Act. The following is a list of outstanding commitments as of June 30, 2021:

Local Government Agency	Commitment Date	Amount Committed by the Fund
Tomlinson PSD	02/11/2021	$ 7,571,000
Ravenswood, City of	04/09/2021	5,062,245
Mill Creek, Town of	05/07/2021	882,475
Nettie-Leivasy PSD	10/02/2020	2,024,895
Nettie-Leivasy PSD	10/02/2020	400,000
		$ 15,940,651

The Fund has awarded amounts not yet disbursed of approximately $18,238,048 for projects previously approved and in various stages of completion.

Note 7. Risk Management

The Fund is exposed to various risks of loss related to torts and errors and omissions. Through its participation in the West Virginia Board of Risk and Insurance Management, the Fund obtained coverage for general liability, business interruptions, and errors and omissions. Such coverage is provided in exchange for an annual premium. There were no changes in coverage or claims in excess of coverage for the year ended June 30, 2021.

Note 8. Transactions with State of West Virginia Agencies

The Authority pays for and is reimbursed for certain administrative expenses (including salaries and legal expenses) on behalf of the Fund. As of June 30, 2021, the Fund had incurred and recognized $161,105 in administrative expenses of which $42,868 remains payable to the Authority at the end of the fiscal year.

ACCOMPANYING INFORMATION

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

SCHEDULES OF ADMINISTRATIVE FEES ACTIVITY
June 30, 2021

SCHEDULE OF ASSETS AND FUND NET POSITION		
ASSETS		
Cash and cash equivalents	$	8,129,591
Administrative fees receivable		64,487
Total assets	$	8,194,078
LIABILITIES		
Accounts payable, related party	$	42,868
RESTRICTED FUND NET POSITION	$	8,151,210
SCHEDULE OF ADMINISTRATIVE FEES ACTIVITY IN FUND NET POSITION		
REVENUES		
Administrative fees	$	777,007
Interest on investments		12,082
Total revenues		789,089
EXPENSES		
Administrative expense		161,105
Net income		627,984
RESTRICTED FUND NET POSITION - ADMINISTRATIVE FEES, beginning		7,523,226
RESTRICTED FUND NET POSITION - ADMINISTRATIVE FEES, ending	$	8,151,210
SCHEDULE OF CASH FLOWS		
NET INCOME	$	627,984
Adjustments to reconcile net income to net cash provided by administrative fees activity:		
Decrease in administrative fees receivable		373
Increase in accounts payable, related party		14,035
NET CASH PROVIDED BY ADMINISTRATIVE FEES ACTIVITY		642,392
CASH AND CASH EQUIVALENTS, beginning		7,487,199
CASH AND CASH EQUIVALENTS, ending	$	8,129,591

See Independent Auditor's Report.

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

	CFDA #	Expenditures
U.S. Environmental Protection Agency		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	$ 5,913,186[1]

[1] This amount was passed through to nonfederal entities under a loan program.

Note 1. Basis of Presentation

The above schedule of expenditures of federal awards includes the federal award activity of the West Virginia Drinking Water Treatment Revolving Loan Fund (the Fund) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Fund, it is not intended to and does not present the financial position, changes in fund net position or cash flows of the Fund.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Fund has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

BROWNEDWARDS
certified public accountants

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

To the West Virginia Bureau for Public Health and
the West Virginia Water Development Authority
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Virginia Drinking Water Treatment Revolving Fund (the Fund), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated October 5, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 5, 2021

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

To the West Virginia Bureau for Public Health and
  the West Virginia Water Development Authority
Charleston, West Virginia

Report on Compliance for Each Major Federal Program

We have audited the West Virginia Drinking Water Treatment Revolving Fund 's (the Fund) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Fund's major federal program for the year ended June 30, 2021. The Fund's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Fund's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Fund's compliance.

Opinion on Each Major Federal Program

In our opinion, the Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Fund is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Fund's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 5, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Funds

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

Section I - Summary of Auditors' Results (Continued)

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

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

WEST VIRGINIA
Water Development Authority
Celebrating 47 Years of Service 1974-2021

APPENDIX D

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

WEST VIRGINIA INFRASTRUCTURE
AND JOBS DEVELOPMENT COUNCIL

FINANCIAL REPORT
WITH OTHER INFORMATION

Year Ended June 30, 2021

CONTENTS

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the West Virginia Infrastructure and Jobs Development Council (the Council), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Council, as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Council, and do not purport to, and do not present fairly the financial position of the State of West Virginia as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the proportionate share of the net pension liability, the schedule of contributions to the PERS, the schedule of the proportionate share of the net OPEB liability, the schedule of contributions to the RHBT, and the notes to required supplementary information be presented to supplement the basic financial statements. Such information, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2021, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 5, 2021

INTRODUCTION

Our discussion and analysis of the West Virginia Infrastructure and Jobs Development Council's (the "Council") financial performance provides an overview of the Council's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Council's financial statements, which begin on page 11.

USING THIS REPORT

This report consists of a series of fund level and government-wide financial statements. The Statement of Net Position and Statement of Activities report the net position and activities of the Council as a whole. The Governmental Fund's Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance report the Council's governmental fund balance and the respective changes in it. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund present the proprietary fund net position and the respective changes in net position. The Council's net position and the Council's fund balance represent ways to measure the Council's financial health or financial position. Over time, increases or decreases in the Council's net position and fund balance are indicators of whether its financial health is improving or deteriorating.

FINANCIAL HIGHLIGHTS

Business Type Activities:

- Total assets increased $10.3 million from $847.934 million to $858.228 million
- Deferred outflows of resources decreased $17 thousand from $883 thousand to $866 thousand
- Total liabilities decreased $6 million from $168 million to $162 million
- Deferred inflows of resources increased $5,841 from the previous year
- Net position increased $17 million from $680 million to $697 million

Governmental Activities:

- Total assets decreased $94 from the previous year
- Deferred outflows of resources decreased $659 thousand
- Total liabilities decreased $17.6 million
- The deficiency in net position decreased $17 million

Government Wide:

- Total assets increased $10.3 million from $847.934 million to $858.228 million
- Deferred outflows of resources decreased $676 thousand from $5.059 million to $4.383 thousand
- Total liabilities decreased $24 million from $310 million to $286 million
- Deferred inflows of resources decreased $5,841 from the prior year
- Net position increased by $34.10 million from $542.6 million to $576.7 million

Other Highlights:

- 13 water and wastewater projects and 3 economic development loans were closed for the year ended June 30, 2021, on behalf of the Council
- 56 water and wastewater projects and 1 economic development grant were closed for the year ended June 30, 2021, on behalf of the Council

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE

Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the Council:

Table 1
Net Position

	2021 Business Type Activities	2021 Governmental Type Activities	2020 Business Type Activities	2020 Governmental Type Activities
ASSETS				
Cash equivalents	$ 193,360,354	$ 1	$ 202,960,750	$ 95
Investments, restricted	101,017,267	-	90,303,175	-
Loans receivable, net, restricted	561,683,200	-	553,105,507	-
Other	2,167,078	-	1,564,500	-
Total assets	$ 858,227,899	$ 1	$ 847,933,932	$ 95
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources from pensions	$ 111,195	$ -	$ 51,736	$ -
Deferred outflows of resources from OPEB	14,760	-	10,421	-
Deferred loss on refunding	740,323	3,516,453	821,413	4,175,445
Total deferred outflows of resources	$ 866,278	$ 3,516,453	$ 883,570	$ 4,175,445
LIABILITIES				
Bond payable, net	$ 158,654,885	$ 123,793,167	$ 165,474,970	$ 141,373,467
Net pension liability	132,672	-	47,307	-
Net OPEB liability	11,494	-	23,078	-
Other	2,796,512	511,117	2,837,994	585,858
Total liabilities	$ 161,595,563	$ 124,304,284	$ 168,383,349	$ 141,959,325
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources from pensions	$ 13,125	$ -	$ 35,485	$ -
Deferred inflows of resources from OPEB	40,903	-	12,702	-
Total deferred inflows of resources	$ 54,028	$ -	$ 48,187	$ -
NET POSITION				
Restricted	$ 659,591,278	$ 1	$ 637,091,406	$ 95
Unrestricted (deficit)	37,853,308	(120,787,831)	43,294,560	(137,783,880)
Total net position	$ 697,444,586	$ (120,787,830)	$ 680,385,966	$ (137,783,785)

(Continued)

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE (Continued)

Table 2
Changes in Net Position

	2021 Business Type Activities	2021 Governmental Type Activities	2020 Business Type Activities	2020 Governmental Type Activities
Revenues				
Program revenues				
Charges for services	$ 4,747,349	$ -	$ 3,809,917	$ -
General revenues				
Miscellaneous revenues	1,142	-	3,564	-
Intergovernmental	46,000,000	21,935,925	38,198,002	21,947,627
Investment earnings	290,219	14,253	4,192,976	139,488
Total general revenues	46,291,361	21,950,174	42,394,542	22,087,115
Total revenues	51,038,710	21,950,178	46,204,459	22,087,115
Expenses				
General & administrative	1,361,803	-	1,165,798	-
Interest on long-term debt	6,017,255	4,939,876	6,282,230	5,668,565
Infrastructure & economic development	26,315,379	-	11,367,335	-
Loss on uncollectible loans	300,000	-	5,711,781	-
Transfers (in) out	(14,347)	14,347	(139,753)	139,753
Total expenses	33,980,090	4,954,223	24,387,391	5,808,318
Changes in net position	17,058,620	16,995,955	21,817,068	16,278,797
Beginning net position (deficit)	680,385,966	(137,783,785)	658,568,898	(154,062,582)
Ending net position (deficit)	$ 697,444,586	$ (120,787,830)	$ 680,385,966	$ (137,783,785)

(Continued)

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE (Continued)

Cash equivalents, which include short-term, highly liquid investments with original maturities of 90 days or less, decreased $10 million, from $203 million last year to $193 million at the end of the current year. The decrease in cash was primarily the result of: the transfer of money market funds to investments of $14 million; expenses for loans and grants totaling $34 million and $26 million for grants; principal and interest payments on outstanding bonds payable of $6 million and $7 million respectively; an increase of receivables of $9 million; and general and administrative expenses of $1.2 million.

Offsetting these decreases were: receipt of $46 million in Excess Lottery funds; $780 thousand in investment earnings; and the principal repayment of loans of $26.6 million.

Investments increased $10.7 million due to the transfer of funds from money market accounts.

Loans receivable decreased $8.6 million. This decrease was a result of repayments received exceeding loan disbursements.

Deferred outflows of resources had a decrease of $676 thousand. This was due to an increase of $59.5 thousand of deferred outflows for pensions, a $4.3 thousand increase in deferred outflows for OPEB, and a reduction of $740 thousand in deferred loss on refunding.

Total liabilities decreased $24.4 million primarily due to a net repayments of $24.4 million in bonds payable from the previous year.

Deferred inflows of resources increased by $5,841 due to the current year pension and OPEB activity.

Restrictions of net position are the result of constraints placed on the use of net position which have been imposed externally through debt covenants and by law through enabling legislation. Restricted net position increased approximately $22 million during the current year. This increase was a result of: a decrease in cash of $4.2 million; an increase in investments of $10.7 million; an increase in Loans and Interest Receivable of $9.1 million; and a decrease in Long-term Debt and Interest Payable of $6.9 million.

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE (Continued)

Unrestricted Net Position for business type activities as of June 30, 2021, is $37.9 million, a decrease from the prior year of approximately $5.4 million. This is due to the receipt of excess lottery revenue of $46 million offset by: payment of general and administrative expenses of $1.4 million; $14.4 million for new projects; $9.9 million to the Clean Water State Revolving Fund; and $2.2 million for the State Match to the federally sponsored Drinking Water Treatment Revolving Fund.

Fund Balance/Government-wide Net Position The only activity reported in the governmental fund relates to future payments of the General Obligation Bonds which mature through fiscal year 2027. See Note 8 in the Notes to the Financial Statements for further detail. Although the governmental fund reports a deficit, an amount not to exceed $22.25 million of intergovernmental revenue is statutorily provided every year by the State of West Virginia from mineral severance tax in order to pay the debt service for the General Obligation Bonds. The total government - wide net position as of June 30, 2021, is $577 million.

Charges for services consist of interest earnings on loans to projects which increased during the current year by $900 thousand. Loans receivable had a net increase of $8.6 million during the current year as additional new loans began paying.

Intergovernmental activity consists of $21.9 million mineral severance tax revenue and $46 million excess lottery revenue, both appropriated from the State. The mineral severance tax revenue was received from the State's general fund into the Debt Service Fund to pay the general obligation bonds debt service payments required in fiscal year 2021. Excess lottery revenue represents the amount in the State's lottery fund in the State Treasury appropriated by the Legislature to the Council for loans, grants, and other funding assistance, as well as payment of debt service on the 2014 Series bonds, issued to provide grants for the Chesapeake Bay and Greenbrier Watershed projects.

Investment earnings consist of earnings on excess lottery revenue and earnings on repayments of principal and interest on loans to projects. Investment earnings also include earnings on committed but not yet disbursed excess lottery proceeds and earnings on mineral severance tax revenue that is invested prior to payment of debt service on the general obligation bonds. Subsequent to the payment of debt service, any residual mineral severance tax revenue is transferred to the business type activity fund and then invested accordingly.

Investment earnings decreased $4 million from the prior year. Interest rates for the money market accounts, as well as US Treasury Notes and corporate bonds, decreased during the fiscal year resulting in lower earnings.

Interest on long-term debt decreased approximately $994 thousand. The decrease is the result of lower interest rates obtained from several bond refundings in recent years.

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE (Continued)

Infrastructure and economic development activity consists of grants paid to projects, binding commitments as well as the contributions for the required State match for the federally sponsored Drinking Water Treatment Revolving Fund and the Clean Water State Revolving Fund. The current year disbursement of State Matching funds was approximately $2.2 million allocated to the Drinking Water Treatment Revolving Fund and $9.9 million was allocated to the Clean Water State Revolving Fund. As of year-end, the Council has 63 binding commitments for water and wastewater projects. These include 18 loans and 45 grants for which the funds are committed and not disbursed as described in Note 15 to the financial statements.

Loss on uncollectible loans decreased $5.4 million due primarily due to the status of one loan changing from 'uncollectible' to 'forgiven.

BUDGETARY HIGHLIGHTS

West Virginia Code §29-22-18a (Section 18a) created within the State's lottery fund in the State Treasury an excess lottery revenue fund from which moneys are disbursed in specific allocations to various State accounts, including the Council.

Section 18a and related subsections of the West Virginia Code provide for certain deposits to accounts available to the Council for debt service payments and to fund water, wastewater, and economic development projects. Deposits for debt service payments are to be made during each fiscal year in the amount of $6 million. For the year ended June 30, 2021, deposits of $40 million were made for water, wastewater, and economic development projects, with no more than 25% of the funds deposited to be spent on grants. For the year ended June 30, 2022, $40 million is to be deposited for projects and includes the stipulation that no more than 25% of the funds deposited may be spend for grants. Senate Bill 153 also provides that on January 1 of any year, if the amount available for grants in any congressional district falls below $150,000, the Council may elect to convert 30% of the funds available for loans in that congressional district to be used for grants within the congressional district, if and when needed. Section 18a also includes language establishing the priority of deposits for these purposes and prescribes the timing of the deposits.

In accordance with House Bill 2022, $46 million was appropriated to the West Virginia Infrastructure Fund during fiscal year 2021 with the first $6 million to be used for debt service on the Series 2014 bonds that were issued for the Chesapeake Bay and Greenbrier Watershed projects and the remaining $40 million to be used for water, wastewater and economic development projects around the state.

DEBT ADMINISTRATION

The Infrastructure General Obligation Bonds constitute a direct and general obligation of the State, and the full faith and credit of the State is pledged to secure the payment of the principal and interest on such bonds. The debt service on general obligation bonds is paid from mineral severance taxes in the State's general fund. As of June 30, 2021, there were four (4) Series of Bonds outstanding totaling $115,722,628. The Series 1999 A Capital Appreciation Bonds are outstanding in the amount of $47,172,628, the 2011 Series A Refunding Bonds in the amount of $745,000, the 2015 Series A Refunding in the amount of $50,405,000, and 2017 Series Refunding Bonds in the amount of $17,400,000. Bonds matured and paid in fiscal year 2021 totaled $18,645,000. The Infrastructure General Obligation Bonds are rated AA- by Standard & Poor's Ratings Service ("S&P"), AA by Fitch, Inc. ("Fitch"), and Aa2 by Moody's Investors Service, Inc. ("Moody's").

The West Virginia Water Development Authority (the Authority) is authorized to issue bonds, on behalf of the Council, which do not constitute a debt or pledge of the faith and credit of the State, for the purpose of providing funds to enable the Council to finance the acquisition or construction of water, wastewater and infrastructure projects. The debt service on such infrastructure bonds is paid from repayments of principal and interest on a set of defined loans previously made by the Authority on behalf of the Council.

The Authority has two series of Infrastructure Revenue Refunding Bonds outstanding. As of June 30, 2021, the 2012 Series A Bonds have principal outstanding in the amount of $22,725,000 and the 2016 Series A Bonds have principal outstanding in the amount $63,475,000. The 2012 Series A Bonds paid principal in the amount of $90,000 and the 2016 Series A Bonds paid $3,010,000.

The 2012 Series A Bonds and 2016 Series A Bonds had a Moody's rating of A1 and a Fitch rating of A+. The Authority's (and thereby, the Council's bonds) reflects the State's moral obligation, which is based on the State's rating. Ultimately, rating strength is provided by the pledge to maintain a debt service reserve fund equal to the maximum annual debt service on all outstanding bonds and servicing of underlying loans. If the amount in the reserve funds falls below the required maximum annual debt service level, the Governor, on notification by the Authority, may request the State's Legislature to appropriate the necessary funds to replenish the reserve to its required level. The State's Legislature, however, is not legally required to make such appropriation.

As of June 30, 2021, the West Virginia Water Development Authority Infrastructure Excess Lottery Revenue Bonds, 2014 Series A (Chesapeake Bay/Greenbrier River Projects) had a rating of AAA by S&P, A+ by Fitch, and A1 by Moody's. As of June 30, 2021, $59,360,000 of principal was outstanding. $2,885,000 principal was paid in Fiscal Year 2021. These bonds are secured by the State's Excess Lottery Revenue Fund.

Any desired explanation of the significance of such ratings described above, should be obtained from the respective rating agencies. There is no assurance that a particular rating will continue for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgement of the rating agency, circumstances so warrant.

FACTORS WHICH MAY AFFECT THE COUNCIL

Currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations (revenues, expenses, and other changes in fund balance and net position) include several factors.

The Legislature appropriated to the Council $46 million for fiscal year 2022 from the excess lottery revenue fund. This amount is contingent on revenue collected from state video lottery operations meeting expected projections; therefore, the Council may receive up to $40 million to provide additional loans, grants and other funding assistance and an additional $6 million restricted for debt service on bonds issued to fund Chesapeake Bay and Greenbrier Watershed projects.

There are several other factors which are unknown that may affect the Council. These factors include the changes in existing legislation and regulations, amounts collected in the excess lottery fund, market conditions that could impact investment income or affect the viability of issuing additional revenue bonds, and economic conditions that may affect the repayment of Council loans.

Due to the uncertainty on the future repayment of these loans, as well as other economic development project loans, the Council maintains a reserve for uncollectible economic development project loans to recognize current events.

CONTACTING THE COUNCIL'S MANAGEMENT

This financial report is designed to provide a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director or Chief Financial Officer, West Virginia Water Development Authority, 1009 Bullitt Street, Charleston, West Virginia 25301 (Phone: 304-414-6500) or the Executive Director, West Virginia Infrastructure and Jobs Development Council, 1009 Bullitt Street, Charleston, West Virginia 25301 (Phone: 304-414-6500).

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash equivalents, including restricted amounts of $155,082,868 (Note 6)	$ 1	$ 193,360,354	$ 193,360,355
Investments, restricted (Notes 6 and 7)	-	101,017,267	101,017,267
Accrued interest receivable, restricted	-	2,150,588	2,150,588
Loans receivable, net of allowances of $20,728,150, restricted	-	561,683,200	561,683,200
Miscellaneous receivable	-	16,490	16,490
Total assets	$ 1	$ 858,227,899	$ 858,227,900
DEFERRED OUTFLOWS OF RESOURCES			
Losses on bond refundings	$ 3,516,453	$ 740,323	$ 4,256,776
Deferred outflows of resources from OPEB (Note 11)	-	14,760	14,760
Deferred outflows of resources from pensions (Note 10)	-	111,195	111,195
	$ 3,516,453	$ 866,278	$ 4,382,731
LIABILITIES			
Accounts payable	$ -	$ 48,844	$ 48,844
Due to other State of West Virginia agencies (Note 9)	-	320,493	320,493
Accrued interest payable	511,117	2,427,175	2,938,292
Net OPEB liability (Note 11)	-	11,494	11,494
Net pension liability (Note 10)	-	132,672	132,672
General obligation bonds (Note 8)			
Due within one year, net of unamortized premium of $1,581,759	20,726,759	-	20,726,759
Due after one year, net of unamortized premium of $6,488,780	103,066,408	-	103,066,408
Revenue bonds (Note 8)			
Due within one year, net of unamortized premium of $835,085	-	7,090,085	7,090,085
Due after one year, net of unamortized premium of $12,259,800	-	151,564,800	151,564,800
Total liabilities	$ 124,304,284	$ 161,595,563	$ 285,899,847
DEFERRED INFLOWS OF RESOURCES			
Deferrend inflows of resources from OPEB (Note 11)	$ -	$ 40,903	$ 40,903
Deferrend inflows of resources from pensions (Note 10)	-	13,125	13,125
	$ -	$ 54,028	$ 54,028
NET POSITION			
Restricted (Note 14)	$ 1	$ 659,591,278	$ 659,591,279
Unrestricted (deficit)	(120,787,831)	37,853,308	(82,934,523)
Total net position	$ (120,787,830)	$ 697,444,586	$ 576,656,756

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental activities:					
Interest and bond issuance costs on long-term debt	$ 4,939,876	$ -	$ (4,939,876)	$ -	$ (4,939,876)
Business-type activities:					
Infrastructure and jobs development	33,994,437	4,747,349	-	(29,247,088)	(29,247,088)
Total primary government	$ 38,934,313	$ 4,747,349	$ (4,939,876)	$ (29,247,088)	$ (34,186,964)
General revenues:					
Intergovernmental (Note 9)			$ 21,935,925	$ 46,000,000	$ 67,935,925
Other			-	1,142	1,142
Investment earnings			14,253	290,219	304,472
Transfers in (out)			(14,347)	14,347	-
Total general revenues and transfers			21,935,831	46,305,708	68,241,539
Change in net position			16,995,955	17,058,620	34,054,575
Net position (deficit), beginning of year			(137,783,785)	680,385,966	542,602,181
Net position (deficit), end of year			$ (120,787,830)	$ 697,444,586	$ 576,656,756

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2021

	Debt Service Fund
ASSETS	
Cash equivalents	$ 1
FUND BALANCE	
Restricted fund balance	$ 1

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
Year Ended June 30, 2021

	Debt Service Fund
REVENUES:	
Intergovernmental (Note 9)	$ 21,935,925
Investment earnings	14,253
Total revenues	21,950,178
EXPENDITURES:	
Debt service:	
Principal	18,645,000
Interest	3,290,925
Total expenditures	21,935,925
OTHER FINANCING SOURCES (USES):	
Transfers out	(14,347)
Net change in fund balance	(94)
FUND BALANCE, beginning	95
FUND BALANCE, ending	$ 1

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2021

	Enterprise Fund
ASSETS	
CURRENT ASSETS	
Cash equivalents, including restricted amounts of $155,082,868 (Note 6)	$ 193,360,354
Investments, restricted (Notes 6 and 7)	101,017,267
Current portion of loans receivable, restricted	24,537,561
Accrued interest receivable, restricted	2,150,588
Miscellaneous receivable	16,490
Total current assets	321,082,260
NONCURRENT ASSETS	
Loans receivable, net of allowances of $20,728,150, restricted	537,145,639
Total assets	$ 858,227,899
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources from OPEB (Note 11)	$ 14,760
Deferred outflows of resources from pensions (Note 10)	111,195
Loss on bond refundings	740,323
	$ 866,278
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 48,844
Due to other State of West Virginia agencies (Note 9)	320,493
Accrued interest payable	2,427,175
Current portion of revenue bonds payable, net of unamortized premium of $835,085 (Note 8)	7,090,085
Total current liabilities	9,886,597
NONCURRENT LIABILITIES	
Net OPEB liability (Note 11)	11,494
Net pension liability (Note 10)	132,672
Noncurrent portion of revenue bonds payable, net of unamortized premium of $12,259,800 (Note 8)	151,564,800
Total liabilities	$ 161,595,563
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources from OPEB (Note 11)	$ 40,903
Deferred inflows of resources from pensions (Note 10)	13,125
	$ 54,028
NET POSITION	
Restricted (Note 14)	$ 659,591,278
Unrestricted	37,853,308
Total net position	$ 697,444,586

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUND
Year Ended June 30, 2021

	Enterprise Fund
INTEREST CHARGES FOR SERVICES	$ 4,747,349
OPERATING EXPENSES	
Infrastructure and economic development	26,315,379
Provisions for uncollectible loans	300,000
General and administrative (Note 12)	1,361,803
Total operating expenses	27,977,182
Operating loss	(23,229,833)
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous income	1,142
Intergovernmental (Note 9)	46,000,000
Investment earnings, net	290,219
Interest on bonds	(6,017,255)
Total nonoperating revenues, net	40,274,106
Transfers in	14,347
Change in net position	17,058,620
NET POSITION, beginning	680,385,966
NET POSITION, ending	$ 697,444,586

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2021

	Enterprise Fund
OPERATING ACTIVITIES	
Receipts of principal on loans	$ 25,242,684
Receipts of interest on loans	3,947,830
Disbursements of loans	(34,120,377)
Disbursements of grants	(26,315,379)
Disbursements of general and administrative expenses	(706,609)
Disbursements on behalf of employees	(578,177)
Net cash used in operations	(32,530,028)
NONCAPITAL FINANCING ACTIVITIES	
Transfers	14,347
Proceeds from sale of assets held by others	1,142
Excess lottery and other appropriations	46,000,000
Principal paid on revenue bonds	(5,985,000)
Interest paid on revenue bonds	(6,873,925)
Net cash provided by noncapital financing activities	33,156,564
INVESTING ACTIVITIES	
Purchase of investments	(183,413,587)
Proceeds from sale of investments	172,407,865
Investment earnings	778,790
Net cash used in investing activities	(10,226,932)
Net decrease in cash and cash equivalents	(9,600,396)
CASH EQUIVALENTS, beginning	202,960,750
CASH EQUIVALENTS, ending	$ 193,360,354
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (23,229,833)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Provision for loan losses	300,000
Pension expense	45,405
OPEB expense	20,248
Noncash OPEB contribution support	(1,092)
Changes in operating accounts:	
Due to other agencies	41,920
Loans receivable	(8,877,693)
Miscellaneous receivables	242
Accrued interest receivable	(799,761)
Accounts payable	19,273
Deferred outflows of resources due to pension contributions	(41,859)
Deferred outflows of resources due to OPEB contributions	(6,878)
Net cash used in operating activities	$ (32,530,028)

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

Note 1. Reporting Entity

The West Virginia Infrastructure and Jobs Development Council (the Council) was created as a governmental entity of the State of West Virginia (the State) under the provisions of Chapter 31, Article 15A, Section 3 of the Code of West Virginia, 1931, as amended, and known as the West Virginia Infrastructure and Jobs Development Act (the Act). The Council has statutory responsibility to review the preliminary applications for wastewater facilities, water facilities or combination projects, or infrastructure projects seeking State funding and to either make a written recommendation as to the infrastructure project financing, in terms of the kind, amount and source of funding, which the project sponsor should pursue and which the State infrastructure agency or agencies should consider an appropriate investment of public funds, or a determination that the project or infrastructure project is not eligible for funding assistance from any State infrastructure agency or the project or infrastructure project is not otherwise an appropriate or prudent investment of State funds, and make a recommendation that the project sponsor not seek funding from any State infrastructure agency.

The Council consists of thirteen voting members, including the Governor or their designee as chairman and executive representation from the Housing Development Fund, Department of Environmental Protection, Economic Development Authority, Water Development Authority (the Authority), Bureau for Public Health, Public Service Commission and six members representing the general public. The Authority serves as the administrative agency for the Council, is the fiduciary agent of the West Virginia Infrastructure Fund and is authorized to issue infrastructure revenue and refunding bonds on behalf of the Council.

As the state is able to impose its will over the Council, the Council is included in the State's comprehensive annual financial report as an enterprise fund.

Note 2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. The effect of inter-fund activity has been eliminated from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Separate financial statements are provided for the governmental fund and the enterprise fund, which are reported as separate columns in the government-wide financial statements.

Note 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

(Continued)

Note 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The government reports the following major governmental fund:

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, principal and interest on long term debt.

The government reports the following major proprietary fund:

The *Enterprise Fund* accounts for the operations of certain lending activities that are financed with debt, which is secured by a pledge of fees and charges for that activity. In addition, a grant program for watershed improvements was funded with proceeds of a bond issue. The debt service on the bond issue is to be paid from annual appropriations of funds from an external revenue source.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are interest on loans receivable. Operating expenses for the proprietary fund includes the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 4. Significant Accounting Policies

Budgetary accounting

Except for excess lottery revenue appropriated to the enterprise fund for expenditure and mineral severance taxes appropriated to the debt service fund for debt service, the Council's funds are not subject to the Legislative budget process.

Cash equivalents

Cash equivalents include investments with original maturities of less than ninety days.

Investments

All investments are reported in accordance with generally accepted accounting principles (GAAP) and are carried at either cost, amortized cost, or fair value as applicable.

Note 4. Significant Accounting Policies (Continued)

Allowance for uncollectible loans

The Council uses the allowance method of providing for loan losses on economic development project loans. The provision for loan losses charged to operating expense is based on factors which deserve current recognition in estimating possible losses, such as growth and composition of the loan portfolio, relationship of the allowance for uncollectible loans to outstanding loans, current financial condition of the borrowers, changes in specific industries, and overall economic conditions.

Because of uncertainties in the estimation process, including local and industry economic conditions, as well as collateral values, it is reasonably possible that management's estimate of losses in the loan portfolio for economic development projects and the related allowance may materially change in the near term. The amount of the change that is reasonably possible, however, cannot be estimated.

The Council has not established an allowance for uncollectible loans in its loan portfolio for water and wastewater projects because of remedies available to it in the loan agreements that exist between the Authority on behalf of the Council and the various entities to which the loans were made.

Inter-fund transactions

During the normal course of Council operations, transfers of resources to provide services take place between funds. Inter-fund transactions are recorded as transfers as determined by Council management.

Bond premiums, discounts and issuance costs

Bond premiums and discounts are amortized using the straight-line method over the varying terms of the bonds issued. The straight-line method is not in accordance with GAAP, but the difference in amortization using the straight-line method, versus the effective interest method which is in accordance with GAAP, is not material to the financial statements as a whole. Bond issuance costs are expensed as incurred.

Deferred outflows of resources / deferred inflows of resources

The statement of net position reports a separate financial statement element called *deferred outflows of resources*. This financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense) until that time. The council reports losses on bond refundings, certain pension amounts, and certain OPEB amounts as deferred outflows of resources on the statement of net position.

The statement of net position reports a separate financial statement element called *deferred inflows of resources*. This financial statement element represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Council reports deferred inflows of resources related to certain pension amounts and certain OPEB amounts on the statement of net position.

(Continued)

Note 4. Significant Accounting Policies (Continued)

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Public Employees Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments in the PERS are reported at fair value.

Postemployment benefits other than pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Retiree Health Benefit Trust OPEB Plan (RHBT) and additions to/deductions from RHBT's fiduciary net position have been determined on the same basis as they are reported by RHBT. For this purpose, RHBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

Arbitrage rebate payable

The United States Internal Revenue Code of 1986, as amended (the “Code”), prescribes restrictions applicable to the Council as issuer of Infrastructure Fund Revenue and Refunding Bonds. Among those include restrictions on earnings on the bond proceeds. The Code requires payment to the federal government of investment earnings on certain bond proceeds in excess of the amount that would have been earned if the proceeds were invested at a rate equal to the yield on the bonds. As of June 30, 2021, the Council is not liable to the federal government as a result of arbitrage.

Fund balances

In the governmental fund financial statements, fund balance has been reported as restricted. Restricted fund balances represent fund balances which are restricted by constraints placed on its use of resources by either: (1) externally imposed creditors, grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions and enabling legislation. The Council’s governmental fund is restricted by enabling legislation.

Net position

Net position is presented as restricted or unrestricted. Restricted net position represents assets restricted for the repayment of bond proceeds or by bond covenants. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, restricted resources are applied first.

Note 5. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported in the statement of net position differ from the governmental fund balance sheet because of the following:

Total fund balance on governmental fund balance sheet	$ 1
Under the current financial resources measurement focus and modified accrual basis of accounting, deferred outflows of resources and liabilities related to debt and debt service are not recorded until due and are not included in the governmental funds balance sheet:	
Deferred outflows of resources	3,516,453
General obligation bonds	(123,793,167)
Accrued interest on general obligation bonds	(511,117)
Net position (deficit) of governmental activities	$ (120,787,830)

Amounts reported in the statement of activities differ from the statement of revenues, expenditures, and changes in fund balance - governmental fund because of the following:

Net change in fund balance - governmental fund	$ (94)
Principal debt payments recorded on the modified accrual basis of accounting are not recorded in the governmental activities	18,645,000
Accretion of interest related to capital appreciation bonds is an expense of the governmental activities	(1,648,951)
Change in net position of governmental activities	$ 16,995,955

Note 6. Deposit and Investment Risk Disclosures

The Authority, as fiscal agent for the Council, adopted and adheres to investment guidelines for the Council. Those guidelines and the General Revenue Bond Resolution authorize the Council to invest all bond proceeds and other revenues in obligations of the United States and certain of its agencies, certificates of deposit, public housing bonds, direct and general obligations of states which are rated in either of the two highest categories by Standard & Poor's Corporation, advance-refunded municipal bonds and repurchase agreements relating to certain securities. With the exception of deposits and investments of the General Obligation Debt Service Fund, investments are managed by the financial institution serving as trustee for the Council.

As required by West Virginia Code, the mineral severance tax revenue appropriated annually for debt service on the general obligation bonds is deposited in the General Obligation Debt Service Fund held by the Treasurer of the State of West Virginia and is invested in accordance with the Act and in conformity with investment guidelines of the Board of Treasury Investments (BTI). The Council's Debt Service Fund, which is included in the General Obligation Debt Service Fund's cash balances, reports a carrying amount of $1 at June 30, 2021.

Interest rate risk - West Virginia Money Market Pool

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The West Virginia Money Market Pool is subject to interest rate risk.

The overall weighted average maturity of the investments of the West Virginia Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Repurchase agreements	$ 1,343,600	6
U.S. Treasury notes	37,505	1
U.S. Treasury bills	354,997	13
Commercial paper	3.937,274	73
Negotiable certificates of deposit	951,004	65
Money market funds	218,622	1
	$ 6,843,002	52

Note 6. Deposit and Investment Risk Disclosures (Continued)

Interest rate risk - all other investments

As of June 30, 2021, the Council had the following investments and maturities:

		Investment Maturities (in Years)	
Investment Type	Carrying Value	Less than 1	1-5
U.S. Treasury obligations (carried at fair value)	$ 86,229,380	$ 86,229,380	$ -
Commercial paper (carried at fair value)	14,787,887	14,787,887	-
Money markets (carried at amortized cost)	193,360,354	193,360,354	-
	$294,377,621	$294,377,621	$ -

As a means of limiting its exposure to carrying value losses arising from rising interest rates, the Authority's investment guidelines for the Council limit the maturities of investments not matched to a specific debt or obligation of the Council to five years or less, unless otherwise approved by the Authority.

Investments matched to obligations of the Council would include investments of reserve funds for each of the Authority's outstanding revenue and refunding bond issues. The General Revenue Bond Resolution requires that, while the bonds are outstanding, there be on deposit in the reserve funds an amount equal to the maximum amount of principal installments and interest coming due during the current or any succeeding year. The Council has both the intent and the ability to hold long-term securities until final maturity and thus is limited in its exposure to interest rate risk on these long-term obligations.

Concentration of credit risk - West Virginia Money Market Pool

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single corporate issuer. The BTI investment policy prohibits the West Virginia Money Market Pool from investing more than 5% of their assets in any one corporate name or one corporate issue.

Concentration of credit risk - all other investments

The Authority's investment guidelines for the Council manage concentration of credit risk by limiting its investment activity so that at any time its total investment portfolio will not exceed the percentage limits as to the permitted investments. The enterprise fund investment portfolio's percentage of permitted investments is shown below:

(Continued)

Note 6. Deposit and Investment Risk Disclosures (Continued)

	Permitted Investments	Maximum Percentage of Portfolio	Enterprise Fund Percentage as of June 30, 2021
(a)	Direct Federal Obligations	100%	29.29%
(b)	Federally Guaranteed Obligations	100%	-
(c)	Federal Agency Obligations	90%	-
(d)	Money Markets	90%	65.68%
(e)	Repurchase Agreements/Investment Contracts	90%	-
(f)	Time Deposits/Certificates of Deposit	90%	-
(g)	Demand Deposits	30%	-
(h)	Corporate Obligations	15%	5.03%
(i)	Other State/Local Obligations	15%	-
(j)	West Virginia Obligations	15%	-
(k)	Housing Bonds – Secured by Annual Contributions Contracts	5%	-

With the exception of money market funds, repurchase agreements/investment contracts, time deposits/certificates of deposit and demand deposits, investments that comprise more than 15% of the investment portfolio must be direct federal, federal agency or federally guaranteed obligations.

All other investments listed above that comprise more than 15% of the investment portfolio must be either provided by an institution with a rating of at least "A/A" by Moody's and/or Standard and Poor's, invested in a money market fund rated "AAAm" or "AAAm-G" or better by Standard and Poor's, secured by obligations of the United States or not exceed the insurance limits established by the FDIC unless adequate collateral is provided.

Credit risk - West Virginia Money Market Pool

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WV Money Market Pool has been rated AAAm by the Standard & Poor's. A fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. The BTI itself has not been rated for credit risk by any organization.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate bonds to be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated A-1 or higher by Standard & Poor's (or its equivalent) or higher. The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Note 6. Deposit and Investment Risk Disclosures (Continued)

Security Type	Credit Rating Moody's	Credit Rating S&P	Carrying Value (in Thousands)	Percent of Pool Assets
U.S. Treasury notes *	Aaa	AA+	$ 37,505	0.55%
U.S. Treasury bills *	P-1	A-1+	354,997	5.19
Commercial Paper	P-1	A-1+	1,302,573	19.04
	P-1	A-1	2,634,701	38.50
Negotiable certificates of deposit	P-1	A-1+	138,500	2.02
	P-1	A-1	812,504	11.88
Money market funds	Aaa	AAAm	1,600	0.02
	NR	AAAm	217,022	3.17
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	1,325,680	19.37
U.S. Agency bonds and notes	Aaa	AA+	17,920	0.26
			$ 6,843,002	100.00%

*U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

Credit risk - all other investments

The table below provides information on the credit ratings of the Council's cash equivalents and investments:

Security Type	Moody's	Standard & Poors	Carrying Value
Money markets	Aaa-mf	AAAm	$ 193,360,354
U.S. Treasury Obligations	Aaa	AA+	86,229,380
Commercial paper	P-1	NR	14,787,887
			$ 294,377,621

*US Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

Note 6. Deposit and Investment Risk Disclosures (Continued)

Credit risk with investment of bond proceeds is managed by the limitation on investment of those proceeds in the following types of debt securities in accordance with the Authority's investment guidelines for the Council and the authorizing General Revenue Bond Resolution: Government obligations, obligations of certain federal agencies, either representing the full faith and credit of the United States of America or which are rated Aaa-mf by Moody's and AAAm by Standard and Poor's, certain types of commercial paper, advance-refunded municipal bonds, certain general obligations of the State of West Virginia or any other state, or other forms of investments approved in writing by the applicable bond insurer, if any.

Accordingly, the credit risk with the investment of cash assets other than bond proceeds, known as "other revenues," is managed by the limitation on investment of other revenues in the following types of debt securities in accordance with the Authority's investment guidelines for the Council: direct obligations of or obligations guaranteed by the United States of America, the State of West Virginia or any other state, provided that obligations of other states meet certain requirements, obligations of certain federal agencies, certain types of indebtedness of public agencies or municipalities, corporate indebtedness meeting certain requirements or any other debt security investment permitted with bond proceeds.

Custodial credit risk - West Virginia Money Market Pool

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the BTI will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. In all transactions, the BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Custodial credit risk - all other investments

The Authority's investment guidelines for the Council put certain restrictions on repurchase agreements, including the following: the Council can only enter into repurchase agreements with financial institutions having a credit rating of at least "A/A"; collateral is limited to direct federal, federally guaranteed or federal agency obligations; collateral is required to be delivered to a third-party custodian, the Council or the trustee; and, the financial institution must guarantee the aggregate market value of the collateral will equal or exceed the outstanding repurchase agreement by the margin specified in the respective repurchase agreement. As of June 30, 2021, the Council held no securities that were subject to custodial credit risk.

Foreign currency risk - all investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. There are no securities that are subject to foreign currency risk.

(Continued)

Note 6. Deposit and Investment Risk Disclosures (Continued)

A reconciliation of investments as disclosed in this Note to the amounts reported on the Statement of Net Position - Proprietary Fund is as follows:

As disclosed in this Note:	
Total investments	$ 294,377,621
Less: cash equivalents	(193,360,354)
Carrying amount of investments	$ 101,017,267
As reported on the Statement of Net Position - Proprietary Fund:	
Investments	$ 101,017,267

Note 7. Investments Measured at Fair Value

The Council measures the investments listed below at fair value for financial reporting purposes. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. The Council categorizes fair value measurements within the fair value hierarchy established by GAAP.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 inputs - Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs - Other than quoted prices included within Level 1, these are inputs that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs - Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

U.S. Treasury obligations are reported at fair value, which is determined by a third-party pricing service based on an asset portfolio pricing models and other sources.

Commercial paper is reported at fair value using broker quotes that utilize observable market inputs.

The table below summarizes the recurring fair value measurements of the investment securities based on the fair value hierarchy as of June 30, 2021.

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury obligations	$ -	$ 86,229,380	$ -	$ 86,229,380
Commercial paper	-	14,787,887	-	14,787,887
Total	$ -	$ 101,017,267	$ -	$ 101,017,267

Note 8. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	Balance July 1, 2020	Additions/ Accretions	Debt Reductions	Balance June 30, 2021
Governmental fund type:				
General Obligation Bonds				
1999 Series A Capital Appreciation	$ 53,151,169	$ 2,646,459	$ 8,625,000	$ 47,172,628
2011 Series A Refunding	1,110,000	-	365,000	745,000
2015 Series A Refunding	55,535,000	-	5,130,000	50,405,000
2017 Series Refunding	21,925,000	-	4,525,000	17,400,000
	131,721,169	2,646,459	18,645,000	115,722,628
Proprietary fund type:				
Revenue and Refunding Bonds				
2012 Series A Refunding	22,815,000	-	90,000	22,725,000
2014 Series A	62,245,000	-	2,885,000	59,360,000
2016 Series A Refunding	66,485,000	-	3,010,000	63,475,000
	151,545,000	-	5,985,000	145,560,000
Total	$ 283,266,169	$ 2,646,459	$ 24,630,000	$ 261,282,628

Debt service fund

The proceeds from the Council's bond programs, which originated with a 1994 Constitutional Amendment authorizing the issuance of $300,000,000 in Infrastructure General Obligation Bonds, provide financial assistance to infrastructure and economic development projects throughout the state. All general obligation bonds are considered a moral obligation of the State of West Virginia. The source of repayment for the general obligation, capital appreciation, and refunding bonds is the annual receipt of $21.9 million of mineral severance tax revenue deposited into the Governmental Fund from the State's general fund. Principal, net of accretion, and interest paid on these bonds were $18,645,000 and $3,290,925, respectively for the year ended June 30, 2021.

Future maturities of general obligation bonds and capital appreciation bonds, with interest rates ranging from 2.0% to 7.625% and maturing through 2027, are as follows:

(Continued)

Note 8. Long-Term Debt (Continued)

	Principal	Interest	Total
2022	$ 10,420,000	$ 2,809,900	$ 13,229,900
2023	10,955,000	2,282,975	13,237,975
2024	11,065,000	1,736,225	12,801,225
2025	11,555,000	1,255,175	12,810,175
2026	12,115,000	836,375	12,951,375
	56,110,000	8,920,650	65,030,650
2027	12,440,000	311,000	12,751,000
	$ 68,550,000	$ 9,231,650	$ 77,781,650

Capital Appreciation Bonds:

	Principal, net of amounts to be accreted in future years	Amounts to be accreted in future years	Total
2022	$ 8,568,023	$ 156,977	$ 8,725,000
2023	8,092,280	607,720	8,700,000
2024	8,281,630	1,118,370	9,400,000
2025	7,844,254	1,555,746	9,400,000
2026	7,311,403	1,938,597	9,250,000
	40,097,590	5,377,410	45,475,000
2027	7,075,038	2,374,962	9,450,000
Total capital appreciation bonds	$ 47,172,628	$ 7,752,372	$ 54,925,000
Total general obligation bonds and capital appreciation bonds	115,722,628		
Add: unamortized premium	8,070,539		
Less: amount due within one year	(20,726,759)		
Amount due after one year	$ 103,066,408		

(Continued)

Note 8. Long-Term Debt (Continued)

Business type activity

Future maturities of principal and interest of revenue and refunding bonds, with interest ranging from 2.0% to 5.0% and maturing through October 2046, are as follows:

	Principal	Interest	Total
2022	$ 6,255,000	$ 6,584,325	$ 12,839,325
2023	6,565,000	6,266,150	12,831,150
2024	6,850,000	5,935,800	12,785,800
2025	7,160,000	5,608,188	12,768,188
2026	7,310,000	5,284,456	12,594,456
	34,140,000	29,678,919	63,818,919
2027-2031	41,275,000	20,868,438	62,143,438
2032-2036	43,980,000	10,395,794	54,375,794
2037-2041	18,945,000	3,253,613	22,198,613
2042-2046	7,220,000	762,825	7,982,825
	111,420,000	35,280,670	146,700,670
Total revenue and refunding bonds	145,560,000	$64,959,589	$ 210,519,589
Add: unamortized premium	13,094,885		
Less: amount due within one year	(7,090,085)		
Amount due after one year	$ 151,564,800		

The $6,000,000 statutory allocation of revenues from the State Excess Lottery Revenue Fund to the Council will pay annual debt service on the 2014 Series A Bonds. West Virginia Code §29-22-18a prescribes the priority and timing of the deposits to the Council for debt service.

The primary source of repayment for the remaining revenue and refunding bonds is the receipt of payments of principal and interest on a set of loans, known as defined loans, previously made to projects from general obligation and revenue bond proceeds. Repayments of principal and interest on the defined loans of $8,034,760 and $578,985 respectively were available for revenue bond debt service of $6,933,800, comprised of $3,100,000 for principal and $3,833,800 for interest, respectively for the year ended June 30, 2021.

Note 9. Transactions with State of West Virginia Agencies

The Council received $21.9 million of mineral severance tax revenue from the State's general fund into the Debt Service Fund to accommodate the general obligation bonds debt service payments required in fiscal year 2021. Funds remaining after the payment of general obligation bonds debt service have been transferred to the Enterprise Fund to provide additional lending and granting capacity, which is consistent with the Council's purpose.

West Virginia Code §29-22-18a (Section 18a) created within the State's lottery fund in the State Treasury an excess lottery revenue fund from which moneys are disbursed in specific allocations to various State accounts, including the Council. In accordance with House Bill 2021, $46 million in Excess Lottery funds was appropriated to the West Virginia Infrastructure Council. The first $6 million is to be used for debt service on the Series 2014 bonds that were issued for the Chesapeake Bay and Greenbrier Watershed projects and the remaining $40 million is to be used for water, wastewater and economic development projects around the state.

During the year ended June 30, 2021, the Council contributed $2,202,200 to the Bureau for Public Health for the required State match for the federally sponsored Drinking Water Treatment Revolving Fund to secure federal dollars and continue that program. The Council also contributed, at the end of fiscal year 2021, $9,908,400 to the Department of Environmental Protection for the required State match for the federally sponsored Clean Water State Revolving Fund to secure federal dollars and continue that program as well.

The West Virginia Water Development Authority (the Authority) as the fiduciary agent of the Council, pays for certain expenses on behalf of the Council. As of June 30, 2021, the Council had incurred $1,361,803 of expenses of which $320,493 remains unpaid at June 30, 2021.

Note 10. Pension Benefits

Plan description

The Council contributes to the PERS, a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS covers substantially all employees of the State and its component units, as well as employees of participating non-state governmental entities who are not participants of another state or municipal retirement system. Benefits under PERS include retirement, death and disability benefits, and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS that may be obtained at www.wvretirement.com

Note 10. Pension Benefits (Continued)

Benefits provided

PERS provides retirement benefits as well as death and disability benefits. For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For all employees hired on or after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the highest annual compensation during any period of three consecutive years within the last fifteen years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings. For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64 with 10 years of service.

Contributions

Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employers are established by the CPRB. Current funding policy requires contributions, consisting of member contributions of 4.5% of covered payroll for all members hired before July 1, 2015, or member contributions of 6% for all members hired on or after July 1, 2015, and employer contributions of 10.0% for the years ended June 30, 2021, 2020, and 2019 respectively.

During the years ended June 30, 2021, 2020, and 2019, the Council's contributions to PERS required and made were approximately $41,859, $39,085, and $32,161, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2021, the Council reported a liability of $132,672 for its proportionate share of the net pension liability. The net pension liability reported at June 30, 2021 was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to the measurement date of June 30, 2020. The Council's proportion of the net pension liability was based on the Council's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2020. At June 30, 2020, the Council's proportion was 0.025095 percent, which was an increase of 0.003093 percent from its proportion measured as of June 30, 2019.

Note 10. Pension Benefits (Continued)

For the year ended June 30, 2021, the Council recognized pension expense of $45,405. At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 42,050	$ -
Changes in assumptions	-	5,846
Changes in proportion and differences between the Council's contributions and proportionate share of contributions	7,762	4,544
Difference between expected and actual experience	19,524	2,735
The Council's contributions made subsequent to the measurement date of June 30, 2020	41,859	-
Total	$ 111,195	$ 13,125

The $41,859 reported as deferred outflows of resources related to pensions resulting from the Council's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2022	$ (2,362)
2023	20,072
2024	23,367
2025	15,134

Actuarial assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0 percent
Salary increases	3.1 – 6.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense

Note 10. Pension Benefits (Continued)

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018 for active employees, 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy males, 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy females, 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018 for disabled males, and 117% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018 for disabled females.

An experience study, which was based on the years 2013 through 2018, was used for the 2020 actuarial valuation.

The long-term rates of return on pension plan investments was determined using the building block method in which estimates 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. Best estimates of long-term geometric rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return	Weighted Average Expected Real Rate of Return
Domestic equity	27.5%	5.5%	1.51%
International equity	27.5%	7.0%	1.93%
Fixed income	15.0%	2.2%	0.33%
Real estate	10.0%	6.6%	0.66%
Private equity	10.0%	8.5%	0.85%
Hedge funds	10.0%	4.0%	0.40%
Total	100.00%		5.68%
Inflation (CPI)			1.90%
			7.58%

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

Note 10. Pension Benefits (Continued)

Sensitivity of the Council's proportionate share of the net pension liability to changes in the discount rate

The following presents the Council's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
The Council's proportionate share of the net pension liability (asset)	$ 338,030	$ 132,672	$ (40,963)

Note 11. Other Postemployment Benefits

Plan description

The West Virginia Other Postemployment Benefit Plan (the OPEB Plan) is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the OPEB Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The OPEB Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. OPEB Plan benefits are established and revised by PEIA and the RHBT management with approval of their Finance Board. The PEIA issues a publically available financial report of the RHBT that can be obtained at www.peia.wv.gov or by writing to the West Virginia Public Employees Insurance Agency, 601 57th Street, SE Suite 2, Charleston, WV 25304.

Benefits provided

Council employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the PERS or meet certain other eligibility requirements of other CPRB sponsored retirement plans. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions. The medical and prescription drug insurance is provided through two options; Self-Insured Preferred Provider Benefit Plan - primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses.

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Plan administered by a vendor. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to the MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

(Continued)

Note 11. Other Postemployment Benefits (Continued)

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is a closed plan to new entrants.

Contributions

West Virginia Code section 5-16D-6 assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. Employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters, including billing adjustments. The annual contractually required per active policyholder per month rates for State non-general funded agencies and other participating employers effective June 30, 2021, 2020, and 2019, respectively, were:

	2021	2020	2019
Paygo Premium	$ 160	$ 168	$ 183

Contributions to the OPEB plan from the Council were $6,878, $5,030, and $2,684 for the years ended June 30, 2021, 2020, and 2019, respectively.

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below;

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contribution.

- Members hired from July 1, 1988, to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

Note 11. Other Postemployment Benefits (Continued)

Contributions by nonemployer contributing entities in special funding situations

The State of West Virginia is a nonemployer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating $30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The $30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of $5 million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The $5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020, which is the measurement date of the liability reported as of June 30, 2021. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through SB 469 which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. The public school support plan (PSSP) is a basic foundation allowance program that provides funding to the local school boards for "any amount of the employer's annual required contribution allocated and billed to the county boards for employees who are employed as professional employees, employees who are employed as service personnel and employees who are employed as professional student support personnel", within the limits authorized by the State Code. This special funding under the school aid formula subsidizes employer contributions of the county boards of education.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2021, the Council reported a liability for its proportionate share of the RHBT net OPEB liability that reflected a reduction for State OPEB support provided to the Council. The amount recognized by the Council as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Council was as follows:

	2021
Council’s proportionate share of the net OPEB liability	$ 11,494
State’s special funding proportionate share of the net OPEB liability associated with the Council.	2.542
Total portion of net OPEB liability associated with the Council	$ 14,036

Note 11. Other Postemployment Benefits (Continued)

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The Council's proportion of the net OPEB liability was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At June 30, 2020, the Council's proportion was .002602 percent, which is an increase of .001211 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Council recognized OPEB expense (revenue) of $20,248 and for support provided by the State under special funding situations revenue of $1,092. At June 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 7,452
Changes in assumptions		25,943
Net difference between projected and actual earnings on OPEB plan investments	872	-
Changes in proportion and differences between Council's contributions and proportionate share of contributions	7,010	6,760
Reallocation of opt-out employer change in Proportionate Share		748
Council's contributions subsequent to the measurement date of June 30, 2020	6,878	-
Total	$ 14,760	$ 40,903

The amount of $6,878 reported as deferred outflows of resources related to OPEB resulting from Council's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:3

Year ended June 30:	
2022	$ (14,037)
2023	(9,916)
2024	(8,907)
2025	(161)

Note 11. Other Postemployment Benefits (Continued)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.50% per plan year ended 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of (31.11%) for plan year end 2022. 9.15% for plan year end 2023, 8.40% for plan year ended 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20 year closed period
Remaining amortization period	20 years closed as of June 30, 2017

Post-retirement mortality retirement rates were based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for Teachers' Retirement System (TRS), Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females for PERS, and Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for West Virginia Death, Disability, and Retirement Fund (Trooper A) and West Virginia State Police Retirement System (Trooper B). Pre-retirement mortality rates were based on Pub-2010 General Employee Mortality Tables projected with MP-2019 for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019 for PERS, and Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Troopers A and B.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

Note 11. Other Postemployment Benefits (Continued)

Actuarial assumptions (Continued)

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2018 and a measurement date of June 30, 2020. The net effect of the assumption changes on the plan, in total, was approximately $1,147 million.

- General/price inflation – decrease price inflation rate from 2.75% to 2.25%
- Discount rate – decrease discount rate from 7.15% to 6.65%
- Wage inflation – decrease wage inflation rate from 4.00% to 2.75% for PERS, and TRS, and 3.25% or Troopers A and B
- OPEB retirement – develop explicit retirement rates for members who are eligible to retire with healthcare benefits and elect healthcare coverage
- Waived annuitant termination – develop explicit waived termination rates for members who are eligible to retire with healthcare benefits but waive healthcare coverage
- SAL conversion – develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits
- Lapse/re-entry – develop net lapse/re-entry rates for members who either lapse coverage after electing healthcare coverage or elect healthcare coverage after waiving coverage
- Other demographic assumptions – develop termination, disability, and mortality rates based on experience specific to OPEB covered group
- Salary increase – develop salary increase assumptions based on experience specific to the OPEB covered group

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 2.50% for assets invested with the BTI. Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the BTI.

The long-term rates of return on OPEB plan investments are determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB 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. Target asset allocations, capital market assumptions, and a forecast of returns were provided by the plan's investment advisors, including the WVIMB. The projected return for the Money Market Pool held with the BTI was estimated based on the WVIMB assumed inflation of 2.0% plus a 25 basis point spread. The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

(Continued)

Note 11. Other Postemployment Benefits (Continued)

Actuarial assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	52.25%	6.8%
Core Plus Fixed Income	14.25%	4.1%
Hedge Fund	9.50%	4.4%
Private Equity	9.50%	8.8%
Core Real Estate	9.50%	6.1%
Cash and cash equivalents	5.0%	0.25%

Discount rate

A single rate of 6.65% was used to measure the total OPEB liability. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, 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 total OPEB liability. Discount rates are subject to change between measurement dates.

Other key assumptions

Members hired on or after July 1, 2010, are required to pay 100% of expected cost of coverage, resulting in no implicit or explicit employer cost. Consequently, these members are excluded from the actuarial valuation.

OPEB subsequent event

Subsequent to the OPEB valuation with a measurement date of June 30, 2020, the RHBT was still experiencing the effects of the global pandemic that was declared by the World Health Organization due to an outbreak and spread of the COVID-19 virus. The OPEB valuation with a measurement date of June 30, 2020, does not reflect the recent and still developing impact of COVID-19, which is likely to influence healthcare claims experience, demographic experience and economic expectations.

Note 11. Other Postemployment Benefits (Continued)

OPEB subsequent event (continued)

Sensitivity of the Council's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the Council's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the Council's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Council's proportionate share of the net OPEB liability	$ 16,392	$ 11,494	$ 7,394

Sensitivity of the Council's proportionate share of net OPEB liability to changes in the healthcare cost trend rates

The following presents the Council's proportionate share of the net OPEB liability, as well as what the Council's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Authority's proportionate share of the net OPEB liability	$ 6.916	$ 11,494	$ 17,024

Note 12. Schedule of General and Administrative Expenses

General and administrative expenses in the enterprise fund for the year ended June 30, 2021, were as follows:

Salaries and benefits	$ 595,867
Legal	379,797
Consulting and professional	45,429
Rentals	171,141
Travel and training	591
Office supplies	5,823
Computer services	1,955
Telecommunications	3,450
Trustee	96,566
Postage	138
Miscellaneous	61,046
Total general and administrative	$ 1,361,803

Note 13. Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters.

The Council has obtained coverage for job-related injuries to employees and health coverage for its employees in exchange for the payment of premiums to a commercial insurance provider and WVPEIA. Accordingly, the Council has transferred its risk related to job-related injuries and health coverage for employees.

The Council obtained coverage transferring its risk for general liability, property damage, business interruption, errors and omissions, and natural disasters from the West Virginia Board of Risk and Insurance Management in exchange for an annual premium. There were no changes in any of the above coverages or claims in excess of coverage for the year ended June 30, 2021.

Note 14. Restricted Net Position

Restrictions of net position are the result of constraints placed on the use of net position which have been imposed through third party bond indentures and enabling legislation. The enterprise fund Statement of Net Position reports $659,591,278 of restricted net position, of which $91,517,599 is restricted for the debt service related to the defined loan program segment of the revenue bonds.

Note 15. Commitments

The Council's Enterprise Fund has issued commitments to loan or grant funds to qualifying applicants for a period of time contingent on numerous actions to be completed by the applicants. As of June 30, 2021, $47,246,152 was designated by the Council for loans and grants to water and wastewater projects. The Council has also designated $7,154,000 for contributions to two State agencies for the required State match for federally sponsored revolving funds.

Note 16. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

The GASB issued **Statement No. 87**, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021.

The GASB issued **Statement No. 91**, *Conduit Debt Obligations* in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The GASB issued **Statement No. 92**, *Omnibus 2020* in January 2020. This Statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for periods beginning after June 15, 2021.

The GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates* in March 2020. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate. The removal of the London Interbank Offered Rate as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. Paragraphs 13 and 14 of Statement No. 93, related to lease modifications is effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement were effective for periods beginning after June 15, 2020, and had no impact on the financial statements in the current fiscal year.

The GASB issued **Statement No. 96,** *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97,** *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* This Statement provides a more consistent financial reporting defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

Note 17. Segment Information (Continued)

The presentation of segment information for the Council's Enterprise Fund, which conforms with GAAP. The Defined Loan Program segment consists of a series of defined loans, which are the primary source of repayment of the revenue bonds, as dictated by the bond resolutions.

	Defined Loan Program
ASSETS	
CURRENT	$ 32,205,185
NONCURRENT	152,571,911
Total assets	$ 184,777,096
DEFERRED OUTFLOWS OF RESOURCES	
Losses on bond refundings	$ 740,323
LIABILITIES	
CURRENT	$ 6,286,992
NONCURRENT	87,712,828
Total liabilities	$ 93,999,820
NET POSITON	
Restricted	$ 91,517,599
OPERATING REVENUE	
Charges for services	$ 578,985
OPERATING EXPENSES	
General and administrative	349,308
Interest on bonds	3,675,941
Operating loss:	(3,446,264)
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue, net of arbitrage	2,509
Transfers (net)	(2,009,822)
Change in net position	(5,453,577)
Beginning net position	96,971,176
Ending net position	$ 91,517,599
Cash flows related to the Defined Loan Program segment:	
Net cash provided by (used in):	
Operating activities	$ 4,862,306
Noncapital financing activities	(5,237,131)
Investing activities	2,522
Beginning cash equivalents	22,793,962
Ending cash equivalents	$ 22,421,659

REQUIRED SUPPLEMENTARY INFORMATION

THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System Plan

	Years Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
The Council's proportion (percentage) of the net pension liability	0.0251%	0.0220%	0.0156%	0.0129%	0.0194%	0.0222%	0.0209%
The Council's proportionate share of the net pension liability	$ 132,872	$ 47,307	$ 40,358	$ 55,576	$ 178,377	$ 123,848	$ 77,670
The Council's covered payroll	$ 390,847	$ 321,613	$ 239,873	$ 181,050	$ 277,162	$ 301,770	$ 257,684
The Council's proportionate share of the net pension's liability as a percentage of its covered payroll	34.00%	14.71%	16.82%	30.70%	64.36%	41.04%	30.14%
Plan fiduciary net position as a percentage of the total pension liability	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

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

THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE OF CONTRIBUTIONS TO THE PERS

	Years Ended June 30								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	$ 41,859	$ 39,085	$ 32,161	$ 26,387	$ 21,726	$ 37,417	$ 42,090	$ 37,400	$ 32,210
Contributions in relation to the statutorily required contribution	(41,859)	(39,085)	(32,161)	(26,387)	(21,726)	(37,417)	(42,090)	(37,400)	(32,210)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Council's covered payroll	$ 418,590	$ 390,847	$ 321,613	$ 239,873	$ 181,050	$ 277,162	$ 301,770	$ 257,684	$ 232,969
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	13.95%	14.51%	13.83%

See Independent Auditor's Report and accompanying Note to Required Supplementary Information.

THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Retiree Health Benefit Trust

	Years Ended June 30,			
	2021	2020	2019	2018
The Council's proportion (percentage) of the net OPEB liability	0.00121100%	0.00139100%	0.00166300%	0.00205206%
The Council's proportionate share of the net OPEB liability	$ 11,494	$ 23,078	$ 35,679	$ 50,460
The State's proportionate share of the net OPEB liability associated with the Council	2,542	4,723	7,374	10,365
Total proportionate share of the net OPEB liability associated with the Council	$ 14,036	$ 27,801	$ 43,053	$ 60,825
The Council's covered employee payroll	$ 33,290	$ 42,866	$ 42,914	$ 67,537
The Council's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	34.53%	53.84%	83.14%	74.71%
Plan fiduciary net position as a percentage of the total OPEB liability	73.49%	39.69%	30.98%	25.10%

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

THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE OF CONTRIBUTIONS TO THE RHBT

	Years Ended June 30,			
	2021	2020	2019	2018
Statutorily required contribution	$ 6,878	$ 5,030	$ 2,684	$ 3,345
Contributions in relation to the statutorily required contribution	(6,878)	(5,030)	(2,684)	(3,345)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
The Council's covered employee payroll	$ 50,796	$ 33,290	$ 42,866	$ 42,914
Contributions as a percentage of covered employee payroll	13.54%	15.11%	6.26%	7.79%

See Independent Auditor's Report and accompanying Note to Required Supplementary Information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Trend Information Presented

The accompanying schedules of the proportionate share of the net pension liability, contributions to PERS, the proportionate share of the net OPEB liability, and contributions to the RHBT, are required supplementary information to be presented for 10 years. However, until a full 10 year trend is compiled, information is presented in the schedules for those years for which information is available.

Note 2. OPEB Changes in Assumptions

Below are changes in assumptions between the 2020 and 2018 valuations:

The assumption changes that most significantly impacted the total OPEB liability were an approximate $831 million decrease due to updated capped subsidy rates, per capita costs, and trend rates, as well as an approximate $279 million decrease due to changes in assumptions as a result of an experience study as follows:

- General/price inflation – decrease price inflation rate from 2.75% to 2.25%
- Discount rate – decrease discount rate from 7.15% to 6.65%
- Wage inflation – decrease wage inflation rate from 4.00% to 2.75% for PERS, and TRS, and 3.25% or Troopers A and B
- OPEB retirement – develop explicit retirement rates for members who are eligible to retire with healthcare benefits and elect healthcare coverage
- Waived annuitant termination – develop explicit waived termination rates for members who are eligible to retire with healthcare benefits but waive healthcare coverage
- SAL conversion – develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits
- Lapse/re-entry – develop net lapse/re-entry rates for members who either lapse coverage after electing healthcare coverage or elect healthcare coverage after waiving coverage
- Other demographic assumptions – develop termination, disability, and mortality rates based on experience specific to OPEB covered group
- Salary increase – develop salary increase assumptions based on experience specific to the OPEB covered group

Below are changes in assumptions between the 2018 and 2017 valuations:

The assumption changes that most significantly impacted the total OPEB liability were an approximate $11.8 million decrease in the per capita claims costs for Pre-Medicare and Medicare, as well as an approximate $224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the total OPEB liability.

Below are changes in assumptions between the 2017 and 2016 valuations:

The assumption changes that most significantly impacted the Net OPEB Liability are as follows: the inclusion of waived annuitants increased the liability by approximately $17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately $68 million; a change in certain healthcare-related assumptions decreased the liability by approximately $232 million; and an update to the mortality tables increased the liability by approximately $25 million. Certain other assumption changes were noted but did not materially impact the Net OPEB Liability.

(Continued)

Note 2. OPEB Changes in Assumptions (Continued)

Below are changes in the assumptions between the 2016 and 2015 valuations:

Certain economic and behavioral assumptions are unique to healthcare benefits. These assumptions include the healthcare trend, per capita claims costs, the likelihood that a member selects healthcare coverage and the likelihood that a retiree selects one-person, two person or family coverage. These assumptions were updated based on a recent experience study performed by the RHBT actuaries using five-year experience data through June 30, 2015. The updated per capita claims costs were also based on recent claims, enrollment and premium information as of the valuation date.

For the June 30, 2016 valuation, the retiree healthcare participation assumption for each retirement plan is slightly higher than the previous assumption used in the June 30, 2015 OPEB valuation. More members who were covered as actives will be assumed to participate as retirees.

The 2016 and 2015 valuations include consideration of the $30 million annual appropriations under Senate Bill 419, through July 1, 2037, or if earlier, the year the benefit obligation is fully funded. Additionally, the presentation of covered payroll was changed for the June 30, 2015, actuarial valuation. Participating employees hired before July 1, 2010, pay retiree premiums that are subsidized based on years of service at retirement. Participating employees hired on or after July 1, 2010, are required to fully fund premium contributions upon retirement. Consequently, beginning June 30, 2015, actuarial valuation covered payroll represents only the payroll for those OPEB eligible participating employees that were hired before July 1, 2010, allowing a better representation of the 4 UAAL as a percentage of covered payroll, whereas, for the prior years, covered payroll is in total for all participating employees.

The PERS was amended to make changes which apply to new employees hired July 1, 2015 and later as follows:

Note 3. Pension Plan Amendments

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least age 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired July 1, 2015 and later, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between ages 60 and 62 with at least ten years of contributory service, between ages 57 and 62 with at least twenty years of contributory service, or between ages 55 and 62 with at least thirty years of contributory service.

- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired July 1, 2015 and later average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.

Note 3. Pension Plan Amendments (Continued)

- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired July 1, 2015 and later, this age increases to 64 with at least ten years of contributory service, or age 63 with at least twenty years of contributory service.

- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired July 1, 2015 and later, are required to contribute 6% of annual earnings.

Note 4. Pension Plan Assumptions

The information in the schedule of the proportionate share of the net pension liability was based on actuarial valuations rolled forward to measurement dates of June 30 of each year presented below using the following actuarial assumptions:

PERS	2019-2020	2015-2018	2014
Projected salary increase			
State	3.1 - 5.3%	3.0 - 4.6%	4.25 - 6.0%
Nonstate	3.35 - 6.5%	3.35 - 6.0%	4.25 - 6.0%
Inflation rate	3.00%	3.0% (2016-2018); 1.9% (2015)	2.2%
Mortality rates	Active-100% of Pub-2010 General Employees table, below median, headcount weighted, projected generationally with scale MP-2018 Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2017 Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected generationally with scale MP-2018 Disabled females-117% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	Active-RP-2000 Non-Annuitant tables, Scale AA fully generational Retired healthy males – 110% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy females – 101% of RP-2000 Non-Annuitants, Scale AA fully generational Disabled males – 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled females – 107% of RP-2000 Disabled Annuitant, Scale AA fully generational	Healthy males – 1983 GAM Healthy females – 1971 GAM Disabled males-1971 GAM Disabled females-Revenue ruling 96-7
Withdrawal rates			
State	2.28-45.63%	1.75 - 35.1%	1 – 26%
Nonstate	2.50-35.88%	2 - 35.8%	2 – 31.2%
Disability rates	0.005-0.540%	0. - 67.5%	0 – 8%
Experience study	2013-2018	2009-2014	2004-2009

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

To the Board of Directors
West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the West Virginia Infrastructure and Jobs Development Council (the Council), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated October 5, 2021.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 5, 2021