WEST VIRGINIA
Water Development Authority

FISCAL YEAR 2024 ANNUAL REPORT

The Honorable James C. Justice, II
Governor

Marie Prezioso
Executive Director

Issued December 11, 2024

WEST VIRGINIA
Water Development Authority

Annual Report Year Ended June 30, 2024

BOARD MEMBERS

The Honorable Jim Justice
Governor of West Virginia and Chair of the Board

Ann V. Urling, Governor's Deputy Chief of Staff and Designee to the Board

John M. Miller, III, Vice Chairman

Gary Sutphin

Amy L. Swann

Mike Clowser

Katheryn Emery, Engineer Chief
Division of Water & Waste Management WV Department of Environmental Protection

Meredith Vance, Technical Analyst Senior.- Engineer, Infrastructure and Capacity Development Environmental Health, BPH

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, 2024, the WDA had a staff of fourteen. 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, 2024, there were $725 milllion 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.
- 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, 2024, total loans outstanding were $138 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 the administrative agency for the Economic Enhancement Grant Fund ("EEGF")
- 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 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.
- 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 DWTRF Program by:

- Administering the local bond purchase process.
- Preparing loan agreements.
- Closing loans with Local Governmental Agencies.
- Disbursing payments to projects.

RESPONSIBILITIES (continued)

- Providing ongoing servicing functions for all loans outstanding as of June 30, 2024, which total $173 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, 2024, which total $469 million for water/wastewater and $119 million for economic development.
- 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.

ACCOMPLISHMENTS

- Celebrated 50 years of service 1974-2024.
- Closed an additional 188 loans and grants totaling over $330 million this year to communities for water, wastewater, and economic development projects.
- Provided servicing for 1025 loans (local bonds of communities) outstanding as of June 30, 2024, totaling $899 million.
- Acted in a fiduciary capacity for more than $2 billion for funding of loans and grants 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 $242 million in revenue and refunding bonds outstanding, including $126 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

CLEAN WATER STATE REVOLVING FUND (continued)

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, 2024, DEP had been awarded thirty-seven capitalization grant awards for the CWSRF from the EPA totaling $854 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 $151.5 million in matching funds, of which $136.2 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, 2024, the DWTRF Program had been awarded twenty-seven capitalization grant awards from the EPA totaling $305 million, one of those grant awards being a Stimulus Grant, of which $241 million was allocated to the DWTRF and $64 million for set-aside programs administered by the DEP. 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 $51.7 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 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, $126 million are outstanding.

WEST VIRGINIA ECONOMIC ENHANCEMENT GRANT FUND

On March 12, 2022, the West Virginia Legislature enacted HB4566 which amended the West Virginia Water Development Authority statute, WV Code 22C-1 et seq (the "WVWDA Act") by adding a new section 6a ("Section 6a"). Section 6a authorized the West Virginia Water Development Authority (the "WDA") to create the West Virginia Economic Enhancement Grant Fund (the "EEG Fund"). On April 25, 2022, the Legislature passed HB217 which appropriated $250,000,000 to the EEG Fund from certain American Rescue Plan Act ("ARPA") funds received by the State of West Virginia ("HB217"). The WDA placed the appropriation in the HB217 Enhancement Grant Subaccount (the "HB217 Subaccount"). During the 2023 West Virginia Legislature's regular session House Bill 2883 was passed and signed into law by the Governor. This legislation increased the EEGF funding by $177,000,000 for a total of $427,000,000, as of

WEST VIRGINIA ECONOMIC ENHANCEMENT GRANT FUND (continued)

June 30, 2023.

The Legislature passed HB2024 during the 2023 regular session appropriating $53 million in surplus revenues. The WDA received the funds in August 2023.

The WDA shall establish the EEGF to be expended as grants to governmental agencies or to not-for-profits to fund a portion of the costs for infrastructure projects as defined in Chapter 31, Article 15A, Section 2 of the West Virginia Code, and more specifically:

(1) To cover the cost of bid overruns for projects and infrastructure projects approved by the West Virginia Infrastructure and Jobs Development Council.

(2) To cover all or a portion of the costs of extending or expanding water, stormwater and/or wastewater service to enhance economic development and/or tourism when recommended by the Secretary of Commerce, the Secretary of Economic Development and/or the Secretary of Tourism.

(3) To cover the costs of facilitating the merger and/or consolidation of water or wastewater providers where all parties to the proposed merger make joint applications to the West Virginia Infrastructure and Jobs Development Council.

(4) To cover the cost of water, stormwater and/or wastewater projects for governmental agencies where the combined rates for water, stormwater and wastewater exceed 1.5% of the governmental agency's Median Household Income.

(5) To cover the startup costs for governmental utilities that are providing or extending service to unserved areas of the State.

(6) To provide a commitment to cover the difference between the cost of funded projects and the updated cost estimate, and when the project is bid, to provide a grant for the dollar difference between the committed funding and the bid results; and

(7) To cover all or a portion of the infrastructure projects to enhance economic development and/or tourism when recommended by the Secretary of Commerce, the Secretary of Economic Development and/or the Secretary of Tourism.

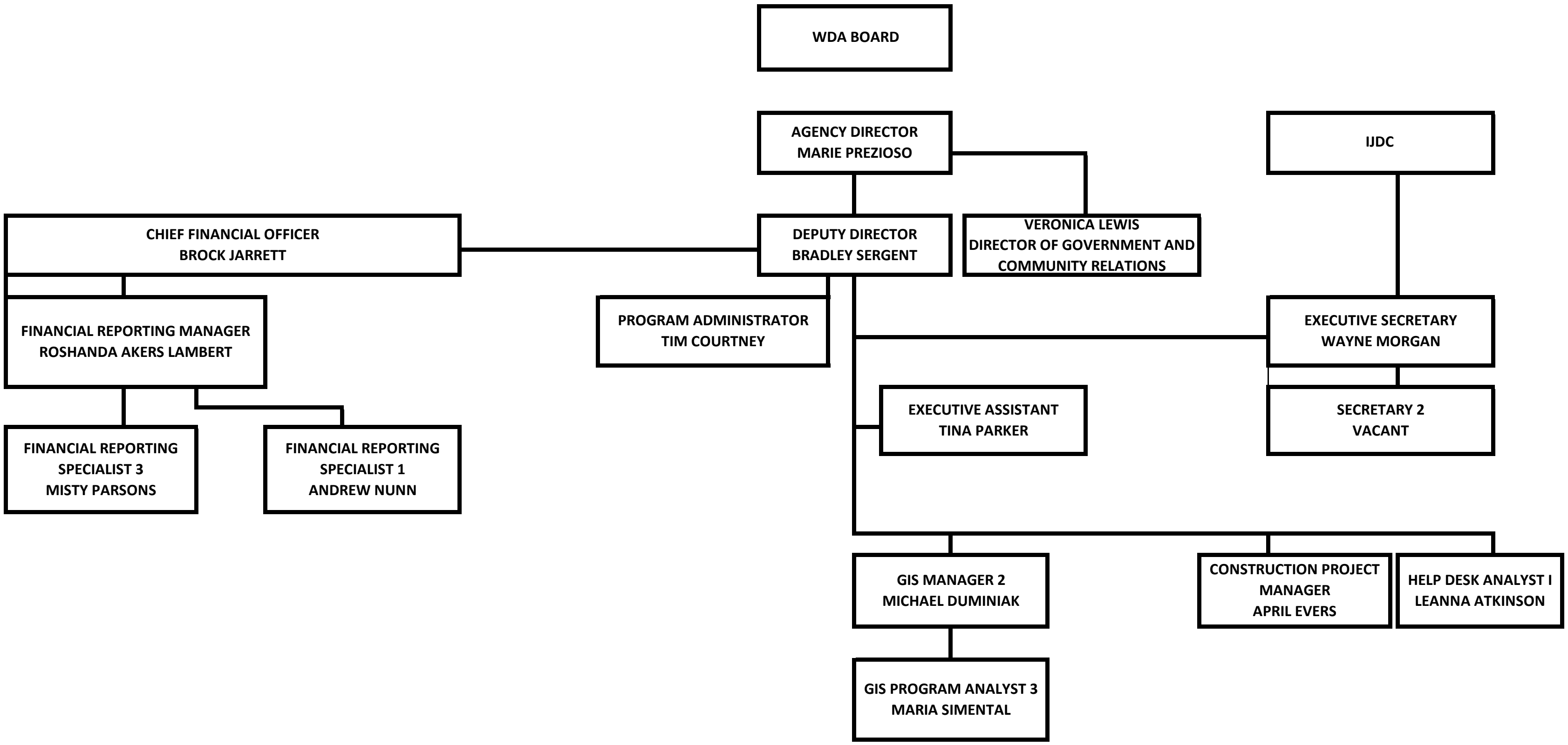
For additional information on the various programs the WDA administers, visit the WDA's website at www.wvwda.org.

WEST VIRGINIA
Water Development Authority
Celebrating 50 Years of Service 1974–2024

APPENDIX A

ORGANIZATIONAL CHART

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
ORGANIZATIONAL CHART



WEST VIRGINIA
Water Development Authority
Celebrating 50 Years of Service 1974-2024

APPENDIX B

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

West Virginia
Water Development Authority

Financial Report

June 30, 2024

BROWN EDWARDS
certified public accountants

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BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

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

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

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

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

Required Supplementary Information

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

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

Charleston, West Virginia
October 4, 2024

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, 2024, the Authority has $191,938,000 in bonds principal outstanding.

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.

During the 2022 West Virginia Legislature's Regular Session House Bill 4566 was passed and signed into law by the Governor. This legislation created the Economic Enhancement Grant Fund (EEGF). This fund is governed, administered and accounted for by the directors, officers, management, and staff of the Authority. The legislation authorized the Authority to make grants to cover all or a portion of the costs of water, sewer, economic development or tourism projects. At the 2022 Second Extraordinary Session, House Bill 217 was passed and signed into law by the Governor. This legislation provided the Authority an amount of $250,000,000 from the Coronavirus State Fiscal Recovery Fund to fund the eligible projects. During the 2023 West Virginia Legislature's Regular Session House Bill 2883 was passed and signed into law by the Governor. This legislation increased the EEGF funding by $177,000,000 for a total of $427,000,000 as of June 30, 2023.

During the 2023 West Virginia Regular Session House Bill 2024 (Budget Bill) was passed and signed into law by the Governor. This legislation appropriated $53 million to the EEGF from supplemental appropriations (surplus revenues). The funds became available in August 2023. During the 2024 West Virginia Regular Session Senate Bill 200 was passed and signed into law by the Governor. This legislation appropriated $50 million to the EEGF from supplemental appropriations (surplus revenues). The Authority expects to receive the funds in August 2024.

(Continued)

INTRODUCTION (continued)

This discussion and analysis of the Authority's financial activities for the year ended June 30, 2024 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 10.

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 increased a total of $27 million or 4%. Deferred outflows of resources decreased by $687 thousand or 14%. There was a decrease in total liabilities of $56.9 million or 10%. Deferred inflows of resources decreased $47 thousand or 9%. Total net position increased $83.3 million or 83%. Total revenues increased by $104.7 million or 324% from the previous year. This was primarily due to increases in investment revenue of $14.9 million from the prior year and $36.9 million in EEGF Revenue and $53 million in intergovernmental for appropriation from the State Legislature for the EEGF. Total operating expenses increased by $38 million or 369% from the prior year. This was primarily due to an increases of $38.9 million in EEGF grant 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

	2024 WDA	2023 WDA	Increase (Decrease)
Assets			
Current assets	$ 531,233,744	$ 491,211,898	$ 40,021,846
Non-current assets	144,604,701	157,582,553	(12,977,852)
Total assets	**$ 675,838,445**	**$ 648,794,451**	**$ 27,043,994**
Deferred outflows of resources			
Deferred loss on bond refundings	$ 4,116,323	$ 4,755,420	$ (639,097)
Deferred outflows of resources from OPEB amounts	8,050	25,423	(17,373)
Deferred outflows of resources from pension amounts	85,097	115,929	(30,832)
Total deferred outflows of resources	**$ 4,209,470**	**$ 4,896,772**	**$ 687,302)**
Liabilities			
Current liabilities	$ 383,922,717	$ 429,925,624	$ (46,002,907)
Net OPEB liability	-	8,049	(8,049)
Net pension liability	-	41,647	(41,647)
Long-term debt outstanding	112,248,147	123,139,288	(10,891,141)
Total liabilities	**$ 496,170,864**	**$ 553,114,608**	**$ (56,943,744)**
Deferred inflows of resources			
deferred gain on refunding	$ 453,217	$ 477,038	$ ($23,821)
Deferred inflows of resources from OPEB amounts	19,858	42,766	(22,908)
Deferred inflows of resources from pension amounts	104	1,118	(1,014)
Total deferred inflows of resources	**$ 473,179**	**$ 520,922**	**$ (47,743)**
Net position			
Net investment in capital assets	$ 4,415,421	$ 4,076,706	$ 338,715
Restricted by revenue bond agreements	115,193,683	40,736,820	74,456,863
Restricted for OPEB and pension	11,840	-	11,840
Unrestricted	63,782,928	55,242,167	8,540,761
Total net position	**$ 183,403,872**	**$ 100,055,693**	**$ 83,348,179**

(Continued)

THE AUTHORITY AS A WHOLE (Continued)

Total assets increased by $27 million or 4%. Increase to assets was due mainly to an increase of cash of $41.7 million. This is primarily offset by a reduction of revenue bonds receivable in the amount of $14.7 million.

Deferred outflow of resources decreased by $687 thousand or 14% which was the result of current year amortizations of loss on refunding in the amount of $639 thousand, a decrease in deferred outflow of resources for pensions of $17 thousand, and a decrease in the deferred outflow of resources for OPEB in the amount of $31 thousand.

Total liabilities decreased by $56.9 million or 10% which primarily the result of unearned revenue decrease in the amount of $45.6 million and a $11.1 million decrease in bonds payable.

Deferred inflows of resources decreased $47.7 thousand or 9% due to a decrease in the deferred inflows of resources for pensions of $1,014, a decrease in the amortization of the deferred gain on refunding of $23.8 thousand, as well as a decrease in the deferred inflows of resources from OPEB of $22.9 thousand.

Unrestricted net position increased $8.5 million, primarily explained by a $12.4 increase in Cash and Cash Equivalents, primarily offset by $4 million decrease in bonds receivable.

Restricted net position increased $74.5 million Primarily due mainly to a reduction in bonds payable of $11.1 million, an increase of restricted cash of $29.3 million, and a reduction of unearned revenue of $45.6 million, which was primarily offset by a reduction of bonds receivable of $10.7 million.

Table 2
Changes in Net Position

	2024 WDA	2023 WDA	Increase (Decrease)
Revenues:			
Operating revenues:			
Charges for services	$ 8,874,106	$ 9,188,986	$ (314,880)
Economic Enhancement Grant Fund Revenue	45,573,134	8,627,497	36,945,637
Other	684,755	477,212	207,543
Total operating revenues	**55,131,995**	**18,293,695**	**36,838,300**
Nonoperating revenues:			
Interest and investment revenue, net of arbitrage	28,930,683	14,041,884	14,888,799
Intergovernmental	53,000,000	-	53,000,000
Total revenues	**137,062,678**	**32,335,579**	**104,727,099**
Expenses:			
Operating expenses	48,893,900	10,427,859	38,466,041
Nonoperating expenses:			
Interest expense	4,820,599	5,237,398	(416,799)
Total expenses	**53,714,499**	**15,665,257**	**38,049,242**
Change in net position	83,348,179	16,670,322	66,677,857
Beginning net position	100,055,693	83,385,371	16,670,322
Ending net position	**$ 183,403,872**	**$100,055,693**	**$ 83,348,179**

Charges for services decreased $315 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.

Economic Enhancement Grant Fund revenue increased by $36.9 million due to additional funds provided for the program.

Intergovernmental increased $53 million primarily due to revenue received from State appropriations for the EEGF.

(Continued)

THE AUTHORITY AS A WHOLE (Continued)

Interest and investment revenue increased by $14.9 million due to higher short-term interest rates available to the Authority from period to period on increased asset balances.

Operating expenses increased by $38.5 million due to increased grant payments for the EEGF.

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 $115,858,000 in revenue and refunding bonds outstanding versus $126,280,000 in the prior year, a decrease of approximately 8.25%.

As of June 30, 2024, the 2012 Series A-I and B-I, 2012 Series 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, 2024 the 2018 Series A-IV, had a Standard & Poor's rating of A. The 2018 Series B-IV Bonds were 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, 2024

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	$	54,737,219
Receivables:		
Revenue bonds, net of unamortized discount of $41,323		10,752,149
Design loan program notes receivable (Note 5)		849,586
Interest		2,312,130
Administrative fees		1,876
Due from other agencies (Note 10)		309,896
Total unrestricted current assets		68,962,856
Restricted current assets:		
Cash and cash equivalents (Note 3)		462,267,229
Prepaid insurance		3,659
Total current assets		531,233,744
NONCURRENT ASSETS		
Revenue bonds		5,955,260
Capital assets, net (Note 5)		4,415,421
Total unrestricted noncurrent assets		10,370,681
Restricted noncurrent assets:		
Cash and cash equivalents (Note 3)		14,193,009
Revenue bonds, net of unamortized discount of $588,394		119,970,593
Net OPEB asset (Note 9)		10,462
Net pension asset (Note 8)		1,378
Prepaid insurance		58,578
Total restricted noncurrent assets		134,234,020
Total assets	$	675,838,445
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refundings	$	4,116,323
Deferred outflows of resources from OPEB amounts (Note 9)		8,050
Deferred outflows of resources from pension amounts (Note 8)		85,097
Total deferred outflows of resources	$	4,209,470

(Continued)

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION
(Continued)
June 30, 2024

LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 35,927
Current portion of revenue bonds payable, including unamortized net premium of $688,603 (Note 7)	10,078,603
Accrued interest payable	1,008,818
Unearned revenue	372,799,369
Total current liabilities	383,922,717
NONCURRENT LIABILITIES	
Accrued employee benefits	112,779
Liabilities payable from restricted assets:	
Noncurrent portion of revenue bonds payable, including unamortized net premium of $5,667,368 (Note 7)	112,135,368
Total noncurrent liabilities	112,248,147
Total liabilities	$ 496,170,864
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding	$ 453,217
Deferred inflows of resources from OPEB amounts (Note 9)	19,858
Deferred inflows of resources from pension amounts (Note 8)	104
Total deferred inflows of resources	$ 473,179
NET POSITION	
Restricted by revenue bond agreements	$ 115,193,683
Restricted for OPEB and pension	11,840
Unrestricted	63,782,928
Net investment in capital assets	4,415,421
Total net position	$ 183,403,872

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, 2024

OPERATING REVENUES	
Charges for services	$ 8,874,106
Economic Enhancement Grant Fund revenue	45,573,134
Miscellaneous	684,755
Total operating revenues	55,131,995
OPERATING EXPENSES	
Economic Enhancement Grant Fund expense	47,270,337
Depreciation and amortization	192,983
General and administrative (Note 11)	1,430,580
Total operating expenses	48,893,900
Operating income	6,238,095
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental (Note 10)	53,000,000
Interest and investment revenue	28,930,683
Interest expense	(4,820,599)
Total nonoperating revenues	77,110,084
CHANGE IN NET POSITION	83,348,179
Total net position, beginning of year	100,055,693
Total net position, end of year	$ 183,403,872

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2024

OPERATING ACTIVITIES	
Receipts of principal on bonds receivable	$ 11,625,493
Receipts of interest on bonds receivable	8,982,657
Receipts of administrative fees on bonds receivable	684,820
Receipts of principal on design loan program notes receivable	3,161,612
Receipts of reimbursements from other agencies	5,484,090
Disbursements of grants	(47,270,337)
Disbursements from issuance of bonds receivable	(20,795)
Disbursements of general and administrative expense	(871,447)
Disbursements on behalf of employees	(727,130)
Disbursements on behalf of other agencies	(5,307,592)
Net cash used in operating activities	(24,258,629)
CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(528,039)
NONCAPITAL FINANCING ACTIVITIES	
Principal paid on revenue and refunding bonds	(10,422,000)
Interest paid on revenue and refunding bonds	(4,973,493)
Appropriation for Economic Enhancement Grant Fund	53,000,000
Net cash provided by noncapital financing activities	37,604,507
INVESTING ACTIVITIES	
Investment earnings	28,894,918
Net increase in cash and cash equivalents	41,712,757
CASH AND CASH EQUIVALENTS, beginning	489,484,700
CASH AND CASH EQUIVALENTS, ending	$ 531,197,457
Cash and cash equivalents consist of:	
Cash and cash equivalents	$ 54,737,219
Restricted cash and cash equivalents (current)	462,267,229
Restricted cash and cash equivalents (noncurrent)	14,193,009
	$ 531,197,457

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS
(Continued)
Year Ended June 30, 2024

Reconciliation of operating income to net cash used in operating activities:		
Operating income	$	6,238,095
Adjustments to reconcile operating income to net cash used in operating activities		
Depreciation and amortization expense		192,983
Changes in operating accounts:		
Due from other agencies		176,498
Revenue bonds receivable		11,563,375
Design loan program notes receivable		3,161,612
Accrued interest receivable		149,874
Administrative fees receivable		65
Net OPEB asset		(10,462)
Net Pension asset		(1,378)
Deferred outflows of resources from pension and OPEB		48,205
Accounts payable		(114,714)
Accrued employee benefits		(16,030)
Unearned revenue		(45,573,134)
Net OPEB liability		(8,049)
Net pension liability		(41,647)
Deferred inflows of resources from pension and OPEB		(23,922)
Net cash used in operating activities	$	(24,258,629)

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 Department of Environmental Protection'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.

During the 2022 West Virginia Legislature's Regular Session, House Bill 4566 was passed and signed into law by the Governor. This legislation created the Economic Enhancement Grant Fund (EEGF). This fund is governed, administered and accounted for by the directors, officers and management of the Authority. The legislation authorized the Authority to make grants to cover all or a portion of the costs of water, sewer, economic development or tourism projects. During the 2023 West Virginia Legislative's Regular Session House Bill 2024 was passed and signed into law by the Governor, appropriating $53,000,000 to the Authority for the EEGF for fiscal year ended June 30, 2024. During the 2024 West Virginia Legislative's Regular Session Senate Bill 200 was passed and signed into law by the Governor, appropriating an additional $50,000,000 to the Authority for the EEGF for the fiscal year ending June 30, 2025.

The State is able to impose its will over the Authority, therefore 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.

Cash and cash equivalents

Cash and cash equivalents include deposits with the West Virginia Treasurer's office, financial institutions, the West Virginia Board of Treasury Investments (BTI), West Virginia Money Market Pool, and investments in mutual funds with original maturities of less than ninety days and are carried at amortized costs.

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

(Continued)

Note 2. Significant Accounting Policies (Continued)

Unearned revenue

Unearned revenue represents grant funds received in advance for the funding of future qualifying eligible grant project expenses.

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.

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, 2024, 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.

(Continued)

Note 2. Significant Accounting Policies (Continued)

Pension

For purposes of measuring the net pension asset, 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 asset, 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.

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, for retirement of other long-term obligations, or for the payment of pension and OPEB amounts. 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 the BTI West Virginia Money Market Pool, which is an amortized cost pool 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

Note 3. Deposit and Investment Risk Disclosures (Continued)

periods, maximum transaction amounts, and any authority to impose liquidity fees or redemption gates. 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. The deposited funds are invested in accordance with investment guidelines of the BTI. The Authority's balance, which is included in its cash and cash equivalents, reports a carrying value of $484,700,466 as of June 30, 2024.

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)
Commercial paper	$ 7,263,293	36
Negotiable certificates of deposit	1,553,998	50
Repurchase agreements	785,000	3
Money market funds	2,820	3
	$ 9,605,111	36

Interest rate risk - all other investments

As of June 30, 2024, the Authority had the following investments outside of the BTI deposits (which include certain cash equivalents) and maturities:

	Maturities (in Years)			
Type	Carrying Value	Less Than 1	1-5	6-10
Money market	$ 44,810,571	$ 44,810,571	$ -	$ -

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.

Note 3. Deposit and Investment Risk Disclosures (Continued)

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 and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

Concentration of credit risk – all other investments

As of June 30, 2024, the Authority had no other deposit and investment balances outside of BTI deposits, which were greater than or equal to 5 percent of the deposit and investment balances presented in the statement of net position.

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.

Any 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.

Note 3. Deposit and Investment Risk Disclosures (Continued)

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 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 debt to 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 following table provides information on the credit ratings of the WV Money Market Pool's investments:

Security Type	Rating	Carrying Value (in Thousands)	Percent of Pool Assets
Commercial paper	A-1+	$ 3,626,718	37.76
	A-1	3,636,575	37.85
Negotiable certificates of deposit	A-1+	844,998	8.80
	A-1	709,000	7.38
Money market funds	AAAm	2,820	0.03
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	134,000	1.40
U.S. agency bonds and notes	AA+	651,000	6.78
		$ 9,605,111	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, 2024:

Security Type	Fitch	Moody's	Standard & Poor's	Carrying Value
Money market	AAAmmF	Aaa-mf	AAAm	$ 44,810,571

Note 3. Deposit and Investment Risk Disclosures (Continued)

Custodial credit risk - West Virginia Money Market Pool

The custodial credit risk for the WV Money Market Pool 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.

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, 2024:

Cash on deposit with State Treasurer	$ 327,539
Cash on deposit with financial institution	1,358,881
	$ 1,686,420

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 Position as of June 30, 2024, is as follows:

Deposits and Investments:	
Cash and cash equivalents as reported on the Statement of Net Position	$ 54,737,219
Add: restricted cash and cash equivalents (current)	462,267,229
Add: restricted cash and cash equivalents (noncurrent)	14,193,009
Less: cash equivalents and restricted cash equivalents disclosed as investments in this Note	(529,511,037)
Total cash as disclosed in this Note	$ 1,686,420

Note 4. Revenue Bonds Receivable

As of June 30, 2024, the face value of revenue bonds of municipalities, public service districts and other political subdivisions purchased with proceeds from Water Development Revenue Bonds was $128,803,100. 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, 2024, the face value of supplemental bonds was $8,504,619.

Note 5. 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. As of June 30, 2024, financing has been made available to close twenty-one (21) design loans in the amount of $10,639,459. Disbursements are made to the local governmental agencies from the program based on approved requisitions. As of June 30, 2024, the cumulative total of $8,713,642 was disbursed to local government agencies under the Design Loan program. The balance of remaining program notes receivable was $849,586, which is presented as current assets in the statement of net position.

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	$ 526,194	$ -	$ -	$ 526,194
Construction work in progress	359,535	-	358,085	1,450
Total capital assets not being depreciated	885,729	-	358,085	527,644
Furniture and equipment	7,295,806	1,370	-	7,297,176
Land improvements	22,650	884,754	-	907,404
Building	4,100,298	-	-	4,100,298
Total capital assets, being depreciated	11,418,754	886,124	-	12,304,878
Less accumulated depreciation for:				
Furniture and equipment	7,124,076	60,729	-	7,184,805
Land improvements	7,000	26,087	-	33,087
Building	1,096,701	102,508	-	1,199,209
Total accumulated depreciation	8,227,777	189,324	-	8,417,101
Total capital assets, net	$ 4,076,706	$ 338,715	$ -	$ 4,415,421

Note 7. Revenue Bonds Payable

The following is a summary of the Authority's bond transactions for the year ended June 30, 2024:

	Balance at June 30, 2023	Bonds issued	Bonds retired	Bonds refunded	Balance at June 30, 2024
Revenue bonds	$ 120,130,000	$ -	$10,040,000	$ -	$ 110,090,000
Revenue bonds from direct placements	6,150,000	-	382,000	-	5,768,000
	$ 126,280,000	$ -	$10,422,000	$ -	$ 115,858,000

Revenue and refunding bonds outstanding at June 30, 2024, were as follows:

Series	Final Maturity	Interest Rates %	Balance
2012 A-I	11/1/25	2.000-3.000	$ 345,000
2012 B-I	11/1/26	3.000-4.500	4,180,000
2012 B-II	11/1/33	2.000-4.000	8,110,000
2012 A-III	7/1/39	3.000-4.000	11,370,000
2012 B-III	7/1/40	2.000-3.750	6,990,000
2013 A-II	11/1/29	2.000-5.000	14,260,000
2016 A-II	11/1/39	2.000-5.000	38,310,000
2018 A-IV	11/1/44	2.500-5.000	26,525,000
2018 B-IV*	11/1/35	3.500	5,768,000
			$ 115,858,000

*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 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, 2024, are as follows:

Note 7. Revenue Bonds Payable (Continued)

Loan Program I

	Principal	Interest	Total
2025	$ 1,505,000	$ 146,244	$ 1,651,244
2026	1,570,000	87,869	1,657,869
2027	1,450,000	29,000	1,479,000
	$ 4,525,000	$ 263,113	$ 4,788,113

Loan Program II

	Principal	Interest	Total
2025	$ 5,770,000	$ 2,426,475	$ 8,196,475
2026	6,000,000	2,186,700	8,186,700
2027	6,080,000	1,916,650	7,996,650
2028	6,165,000	1,654,425	7,819,425
2029	6,395,000	1,422,700	7,817,700
	30,410,000	9,606,950	40,016,950
2030 – 2034	20,100,000	4,084,000	24,184,000
2035 – 2039	8,690,000	1,188,000	9,878,000
2040	1,480,000	29,600	1,509,600
	30,270,000	5,301,600	35,571,600
	$ 60,680,000	$ 14,908,550	$ 75,588,550

Loan Program III

	Principal	Interest	Total
2025	$ 855,000	$ 636,753	$ 1,491,753
2026	890,000	609,488	1,499,488
2027	910,000	581,363	1,491,363
2028	945,000	552,378	1,497,378
2029	975,000	520,550	1,495,550
	4,575,000	2,900,532	7,475,532
2030 – 2034	5,380,000	2,059,463	7,439,463
2035 – 2039	6,440,000	990,000	7,430,000
2040 – 2041	1,965,000	56,906	2,021,906
	13,785,000	3,106,369	16,891,369
	$ 18,360,000	$ 6,006,901	$ 24,366,901

Note 7. Revenue Bonds Payable (Continued)

Loan Program IV

	Bonds		Bonds from Direct Placement		
	Principal	Interest	Principal	Interest	Total
2025	$ 865,000	$ 1,163,619	$ 395,000	$ 194,968	$ 2,618,587
2026	905,000	1,119,369	409,000	180,898	2,614,267
2027	815,000	1,076,369	423,000	166,338	2,480,707
2028	855,000	1,034,619	438,000	151,270	2,478,889
2029	895,000	990,869	453,000	135,678	2,474,547
	4,335,000	5,384,845	2,118,000	829,152	12,666,997
2030 – 2034	5,215,000	4,215,844	2,516,000	424,620	12,371,464
2035 – 2039	6,720,000	2,734,219	1,134,000	40,040	10,628,259
2040 – 2044	8,390,000	1,119,944	-	-	9,509,944
2045	1,865,000	33,803	-	-	1,898,803
	22,190,000	8,103,810	3,650,000	464,660	34,408,470
	$26,525,000	$ 3,488,655	$ 5,768,000	$ 1,293,812	$ 47,075,467

	Revenue bonds	Direct Placement Bonds	Total
Total all loan programs	$ 110,090,000	$ 5,768,000	$ 115,858,000
Add: unamortized net premium	6,355,971	-	6,355,971
Total all loan programs, net	116,445,971	5,768,000	122,213,971
Less: current portion of revenue bonds payable	9,683,603	395,000	10,078,603
Noncurrent portion of revenue bonds payable	$ 106,762,368	$ 5,373,000	$ 112,135,368

Note 7. 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, 2024, was $10,422,000 and $4,973,493, respectively, and principal payments and interest received on pledged notes receivable were $11,625,493 and $8,982,657, respectively, at June 30, 2024.

Note 8. Pension Plan

Plan description

The Authority contributes to the Public Employees' Retirement System (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.

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 at 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, final average salary is the average annual salary from the highest 36 consecutive months within the last fifteen years of employment. For all employees hired July 1, 2015 and later, final average salary is the average annual salary of the highest 60 consecutive months within the last fifteen years of employment. 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.

Note 8. Pension Plan (Continued)

Contributions

Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employees are established by the CPRB. Current funding policy requires consistency of member contributions of 4.5% of annual earnings, and employer contributions of 9.0%, 9.0%, and 10% of covered payroll for the years ended June 30, 2024, 2023, and 2022, respectively. All members hired July 1, 2015 and later will contribute 6% of annual earnings.

During the years ended June 30, 2024, 2023, and 2022, the Authority's contributions to PERS required and made were approximately $55,603, $47,400, and $50,356, respectively.

Pension assets, pension expense (revenue), and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2024, the Authority reported an asset of $1,378 for its proportionate share of the net pension asset. The net pension asset reported at June 30, 2024 was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023. The Authority's proportion of the net pension asset 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, 2023. At June 30, 2023, the Authority's proportion was 0.030721 percent, which was an increase of 0.002755 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Authority recognized pension expense of $42,395. At June 30, 2024, the Authority 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	$ 8,367	$ -
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	559	104
Difference in assumptions	8,906	-
Differences between expected and actual experience	11,662	-
The Authority's contributions made subsequent to the measurement date of June 30, 2023	55,603	-
Total	$ 85,097	$ 104

Note 8. Pension Plan (Continued)

Pension assets, pension expense (revenue), and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

The amount of $55,603 above reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2024	
2025	$ (394)
2026	(31,654)
2027	67,220
2028	(5,782)

Actuarial assumptions

The total pension liability in the July 1, 2022 actuarial valuation, which was used for the measurement date of June 30, 2023, was determined using the following actuarial assumptions:

Inflation	2.75 percent
Salary increases	2.75-6.75 percent, average, including inflation
Investment rate of return	7.25 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.

Experience studies, which were based on the years 2015 through 2020 for economic assumptions and 2013 through 2018 for all other assumptions, were used for the 2022 actuarial valuation.

Note 8. Pension Plan (Continued)

Actuarial assumptions (continued)

The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment 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 percentages 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
Domestic equity	27.5%	6.5%
International equity	27.5%	9.1%
Fixed income	15.0%	4.3%
Real estate	10.0%	5.8%
Private equity	10.0%	9.2%
Hedge funds	10.0%	4.6%

Discount rate

The discount rate used to measure the total pension liability was 7.25 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 these assumptions, the 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 asset.

Note 8. Pension Plan (Continued)

Actuarial assumptions (continued)

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

The following presents the Authority's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.25 percent, as well as what the Authority's proportionate share of the net pension asset (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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Authority's proportionate share of the net pension asset (liability)	$ (285,413)	$ 1,378	$ 243,375

Note 9. Other Postemployment Benefits

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 publicly 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 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 primarily 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.

Note 9. 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 Prescription Drug Plan (MAPD) 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, 2024, 2023 and 2022, respectively, were:

	2024	2023	2022 2/1/22-6/30/22	2022 7/1/21-1/31/22
Paygo Premium	$ -	$ 70	$ 48	$ 116

Contributions to the OPEB plan from the Authority were $0, $5,940, and $8,481 for the years ended June 30, 2024, 2023, and 2022, 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 9. 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 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 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 assets, OPEB expense (revenues), and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2024, the Authority reported an asset for its proportionate share of the RHBT net OPEB asset 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 asset, the related State support, and the total portion of the net OPEB asset that was associated with the Authority was as follows:

(Continued)

Note 9. Other Postemployment Benefits (Continued)

OPEB assets, OPEB expense (revenues), and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

		2024
Authority's proportionate share of the net OPEB asset	$	10,462
State's special funding proportionate share of the net OPEB asset associated with the Authority		4,466
Total portion of net OPEB asset associated with the Authority	$	14,928

The net OPEB asset reported at June 30, 2024 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022, and rolled forward to a measurement date of June 30, 2023. The Authority's proportion of the net OPEB asset 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, 2023, the Authority's proportion was .006611 percent, which is a decrease of .000567 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Authority recognized OPEB expense of $(29,193) and for support provided by the State under special funding situations revenue of $(5,146). At June 30, 2024, 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	$	-	$	6,090
Changes in assumptions		2,885		5,837
Net difference between projected and actual earnings on OPEB plan investments		-		174
Changes in proportion and differences between Authority's contributions and proportionate share of contributions		5,165		7,757
Total	$	8,050	$	19,858

Note 9. Other Postemployment Benefits (Continued)

OPEB assets, OPEB expense (revenues), and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

There were no contributions subsequent to the measurement date that will be recognized as an increase in the net OPEB asset in the year ended June 30, 2025. 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:		
2025	$	(4,321)
2026		(7,148)
2027		53
2028		392

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to a measurement date of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Rates based on 2015-2020 OPEB experience study and dependent on pension plan participation and attained age, and range from 2.75% to 5.18%, including inflation
Investment rate of return	7.40%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year-end 2032.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	20 years closed period beginning June 30, 2017

Note 9. Other Postemployment Benefits (Continued)

Actuarial assumptions (continued)

Mortality Rates

Post-retirement mortality retirement rates were based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for Teachers' Retirement System (TRS), Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 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-2021 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-2021 and scaling factors of 100% for males and females for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS, and Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Troopers A and B.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 - June 30, 2020.

The actuarial valuation as of June 30, 2022, reflects updates to the following assumptions which are reviewed at each measurement date:

- Per capita claim costs;
- Healthcare trend rates;
- Aging factors;
- Participation rates

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 2.75% for assets invested with the BTI. Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 45% equity, 15% fixed income, 6% private credit and income, 12% private equity, 10% hedge fund and 12% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the BTI.

The long-term rate of return on OPEB plan investments are determined using a building block method in which best estimate ranges of expected future rates of return 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 rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions, and forecast 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 2.50% 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:

Note 9. Other Postemployment Benefits (Continued)

Actuarial assumptions (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	45.0%	7.4%
Fixed Income	15.0%	3.9%
Private Credit and Income	6.0%	7.4%
Private Equity	12.0%	10.0%
Hedge Funds	10.0%	4.5%
Real Estate	12.0%	7.2%

Discount rate

A single discount rate of 7.40% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40%. 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. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Other key assumptions

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

OPEB subsequent event

RHBT had significant savings with the Humana (a key Plan vendor) contract renewal beginning fiscal years 2022 through 2025. In addition to the Humana contract savings, RHBT experienced favorable investment returns in fiscal year 2021, resulting in an excess in the premium stabilization reserve. RHBT is passing on these savings to PEIA active employers and as a result, there was no PAYGO billed in fiscal year 2024. The 5-year financial plan, which was passed by the PEIA Finance Board in December 2021, originally had PAYGO to be billed at $20M for fiscal year 2024.

For the fiscal year ending June 30, 2025 financial reporting, many OPEB eligible employers will see $0 OPEB contributions and a $0 net OPEB liability (asset) on the GASB 75 Schedules of Employer OPEB Allocations and OPEB Amounts by Employer.

The net OPEB liability (asset) is allocated to all OPEB eligible employers based on OPEB contributions. These contributions include PAYGO, retiree leave conversion (health & life) and non-participating billings for a given fiscal year. For fiscal year 2024, there were $0 billed in PAYGO leaving only the remaining contribution types to be allocated. Many OPEB eligible employers are billed PAYGO only. These employers will have $0 OPEB contributions resulting in a $0 net OPEB liability (asset) on the schedules for fiscal year 2025 (based on FY 2024 contributions), resulting in the remaining employers that do have other types of OPEB contributions absorbing the entire net OPEB liability (asset). Based off the current year schedules, approximately 413 out of the 700+ employers have only PAYGO billings as contributions.

Note 9. Other Postemployment Benefits (Continued)

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

The following presents the Authority's proportionate share of the net OPEB asset calculated using the current discount rate, as well as what the Authority's proportionate share of the net OPEB asset 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 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Authority's proportionate share of the net OPEB asset	$ 1,770	$ 10,462	$ 19,996

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

The following presents the Authority's proportionate share of the net OPEB asset (liability), as well as what the Authority's proportionate share of the net OPEB asset (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 asset (liability)	$ 26,652	$ 10,462	$ (8,790)

Note 10. Transactions with State of West Virginia Agencies

The Council received $53 million of appropriated transfers from the State's Department of Economic Development for the EEGF during the year ended June 30, 2024.

Certain agencies of the State were indebted to the Authority at June 30, 2024, in connection with services performed by the Authority on behalf of the agencies. Amounts due the Authority at June 30, 2024 are as follows:

West Virginia Infrastructure and Jobs Development Council, net	$ 162,605
Department of Environmental Protection Clean Water State Revolving Fund	62,391
Department of Environmental Protection Drinking Water Treatment Revolving Fund	84,900
	$ 309,896

Note 11. General and Administrative Expenses

General and administrative expenses for the year ended June 30, 2024, are as follows:

Personal services	$ 659,856
Legal	163,634
Professional	91,308
Trustee	37,206
Employee benefits	13,991
Public employees insurance	75,580
Office supplies/printing	41,207
Advertising	35
Repairs and maintenance	49,887
Travel	9,126
Utilities	41,448
Telecommunications	54,858
Payroll taxes	9,370
Computer supplies/services	135,899
Janitorial	10,400
Miscellaneous	7,755
Rental	5,366
Administrative	3,193
Insurance	18,248
Training and development	2,213
	$ 1,430,580

Note 12. 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, 2024.

Note 13. New Accounting Pronouncements

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

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This Statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement defines and requires governments to disclose the risks related to constraints and concentrations of inflows or outflows of resources. The objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

In April 2024, The GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement specifically addresses changes to elements impacting Management's Discussion and Analysis, Unusual or Infrequent Items, the presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, Major Component Unit Information, Budgetary Comparison Information, and addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management has not determined the impact of these new GASB Statements on the prospective financial statements of the Authority.

Note 14. 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 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 14. Segement Information (Continued)

	Loan Program I	Loan Program II	Loan Program III
ASSETS			
Current - unrestricted	$ 3,454,574	$ 8,904,675	$ 918,973
Noncurrent - unrestricted	-	-	-
Restricted - current and noncurrent	6,073,038	72,780,730	20,523,717
Capital assets, net	-	-	-
Total assets	$ 9,527,612	$ 81,685,405	$ 21,442,690
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension and OPEB	$ -	$ -	$ -
Deferred loss on bond refundings	581,690	3,298,266	236,367
Total deferred outflows of resources	$ 581,690	$ 3,298,266	$ 236,367
LIABILITIES			
Current	$ 1,718,216	$ 6,590,697	$ 1,191,041
Long-term	3,245,923	58,335,315	17,659,447
Total liabilities	$ 4,964,139	$ 64,926,012	$ 18,850,488
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 by revenue bond agreements	$ 3,408,805	$ 17,743,681	$ 3,100,637
Restricted for OPEB and Pension	-	-	-
Unrestricted	1,736,358	2,313,978	(272,068)
Net investment in capital assets	-	-	-
Total net position	$ 5,145,163	$ 20,057,659	$ 2,828,569
OPERATING REVENUE	$ 542,915	$ 4,893,367	$ 1,264,804
OPERATING EXPENSES			
Depreciation and amortization	-	-	-
Economic Enhancement Grant Fund expense	-	-	-
General and administrative	-	-	-
Allocation of general and administrative	55,977	683,249	188,759
OPERATING INCOME (LOSS)	486,938	4,210,118	1,076,045
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental	-	-	-
Interest and investment revenue	87,096	418,949	110,413
Interest expense	(262,144)	(2,625,556)	(654,420)
Transfers (net)	(897,602)	(2,579,892)	(946,466)
Change in net position	(585,712)	(576,381)	(414,428)
Beginning net position	5,730,875	20,634,040	3,242,997
Ending net position	$ 5,145,163	$ 20,057,659	$ 2,828,569
Net cash provided by (used in):			
Operating activities	$ 1,288,730	$ 8,147,318	$ 840,904
Capital and related financing activities	-	-	-
Noncapital financing activities	(1,652,100)	(9,618,924)	(1,498,160)
Investing activities	87,873	421,779	113,171
Beginning cash and cash equivalents	2,490,905	10,282,286	3,344,488
Ending cash and cash equivalents	$ 2,215,408	$ 9,232,459	$ 2,800,403

Note 14. Segement Information (Continued)

ASSETS	Loan Program IV	Supplemental	Total
Current - unrestricted	$ 282,317	$ 55,402,317	$ 68,962,856
Noncurrent - unrestricted	-	5,955,260	5,955,260
Restricted - current and noncurrent	33,640,219	463,487,204	596,504,908
Capital assets - net	-	4,415,421	4,415,421
Total assets	$ 33,922,536	$ 529,260,202	$ 675,838,445
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension and OPEB	$ -	$ 93,147	$ 93,147
Deferred loss on bond refundings	-	-	4,116,323
Total deferred outflows of resources	$ -	$ 93,147	$ 4,209,470
LIABILITIES			
Current	$ 1,587,467	$ 372,835,296	$ 383,922,717
Long-term	32,894,683	112,779	112,248,147
Total liabilities	$ 34,482,150	$ 372,948,075	$ 496,170,864
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension and OPEB	$ -	$ 19,962	$ 19,962
Deferred gain on refunding	453,217	-	453,217
Total deferred inflows of resources	$ 453,217	$ 19,962	$ 473,179
NET POSITION			
Restricted by revenue bond agreements	$ 292,319	$ 90,648,241	$ 115,193,683
Restricted for OPEB and Pension	-	11,840	11,840
Unrestricted	(1,305,150)	61,309,810	63,782,928
Net investment in capital assets	-	4,415,421	4,415,421
Total net position	$ (1,012,831)	$ 156,385,312	$ 183,403,872
OPERATING REVENUE	$ 1,824,061	$ 46,606,848	$ 55,131,995
OPERATING EXPENSES			
Depreciation and amortization	3,659	189,324	192,983
Economic Enhancement Grant Fund expense	-	47,270,337	47,270,337
General and administrative	-	1,430,580	1,430,580
Allocation of general and administrative	344,601	(1,272,586)	-
OPERATING INCOME (LOSS)	1,475,801	(1,010,807)	6,238,095
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental	-	53,000,000	53,000,000
Interest and investment revenue	(4,687)	28,318,912	28,930,683
Interest expense	(1,278,479)	-	(4,820,599)
Transfers (net)	(376,960)	4,800,920	-
Change in net position	(184,325)	85,109,025	83,348,179
Beginning net position	(828,506)	71,276,287	100,055,693
Ending net position	$ (1,012,831)	$ 156,385,312	$ 183,403,872
Net cash provided by (used in):			
Operating activities	$ 2,360,910	$ (36,896,491)	$ (24,258,629)
Capital and related financing activities	-	(528,039)	(528,039)
Noncapital financing activities	(2,626,309)	53,000,000	37,604,507
Investing activities	(3,572)	28,275,667	28,894,918
Beginning cash and cash equivalents	332,863	473,034,158	489,484,700
Ending cash and cash equivalents	$ 63,892	$ 516,885,295	$ 531,197,457

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Public Employees Retirement System Plan

	Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion (percentage) of the net pension liability (asset)	0.030721%	0.027966%	0.028965%	0.031969%	0.038807%	0.034590%	0.038057%	0.039702%	0.043182%	0.040945%
Authority's proportionate share of the net pension liability (asset)	$ (1,378)	$ 41,647	$ (254,297)	$ 169,001	$ 83,440	$ 89,328	$ 164,270	$ 364,905	$ 241,080	$ 151,290
Authority's covered payroll	$ 526,667	$ 518,231	$ 494,467	$ 497,894	$ 567,261	$ 530,152	$ 530,764	$ 553,481	$ 587,420	$ 507,753
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.262%)	8.036%	(51.429%)	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	100.05%	98.17%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF CONTRIBUTIONS TO THE PERS

	Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 55,603	$ 47,400	$ 50,356	$ 48,347	$ 49,789	$ 56,511	$ 57,366	$ 63,388	$ 74,720	$ 81,986
Contributions in relation to the statutorily required contribution	$ (55,603)	$ (47,400)	$ (50,356)	$ (48,347)	$ (49,789)	$ (56,511)	$ (57,366)	$ (63,388)	$ (74,720)	$ (81,986)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 617,811	$ 526,667	$ 518,231	$ 494,467	$ 497,894	$ 567,261	$ 530,152	$ 530,764	$ 553,481	$ 587,420
Contributions as a percentage of covered payroll	9.00%	9.00%	9.72%	9.78%	10.00%	9.96%	11.00%	12.00%	13.50%	14.00%

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 (ASSET)

Retiree Health Benefit Trust

	Years Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Authority's proportion (percentage) of the net OPEB liability (asset)	0.0066110%	0.0071790%	0.0065110%	0.0079146%	0.0098895%	0.0081246%	0.0064466%
Authority's proportionate share of the net OPEB liability (asset)	$ (10,462)	$ 8,049	$ (1,936)	$ 34,958	$ 164,080	$ 174,309	$ 158,520
State's proportionate share of the net OPEB liability (asset) associated with the Authority	(4,466)	2,737	(381)	7,730	33,578	36,025	32,560
Total proportionate share of the net OPEB liability (asset) associated with the Authority	$ (14,928)	$ 10,786	$ (2,317)	$ 42,688	$ 197,658	$ 210,334	$ 191,080
Authority's covered employee payroll	$ 190,376	$ 175,644	$ 131,859	$ 104,972	$ 131,838	$ 111,957	$ 214,103
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	(5.495%)	4.5826%	(1.468%)	33.302%	124.460%	155.690%	74.040%
Plan fiduciary net position as a percentage of the total OPEB liability	109.66%	93.59%	101.81%	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.

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF CONTRIBUTIONS TO THE RHBT

	Years Ended June 30,								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ -	$ 5,940	$ 8,481	$ 16,277	$ 15,258	$ 17,733	$ 17,523	$ 8,604	$ 19,152
Contributions in relation to the statutorily required contribution	$ -	$ (5,940)	$ (8,481)	$ (16,277)	$ (15,258)	$ (17,733)	$ (17,523)	$ (8,604)	$ (19,152)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered employee payroll	$ 201,275	$ 190,376	$ 175,644	$ 131,859	$ 104,972	$ 131,838	$ 111,957	$ 214,103	$ 247,855
Contributions as a percentage of covered employee payroll	0.00%	3.12%	4.83%	12.34%	14.54%	13.45%	15.65%	4.02%	7.73%

Note 1. Trend Information Presented

The accompanying schedules of the Authority's proportionate share of the net OPEB and pension liabilities (assets) and contributions to 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. Pension Plan Amendments

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

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least 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.
- 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 3. Pension Plan Changes in Assumptions

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

	Projected Salary Increases					Withdrawal rates			
	State	Nonstate	Inflation Rate	Discount Rate	Mortality Rates	State	Nonstate	Disability Rates	Experience Study
2023	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	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-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2022	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	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-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2021	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	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-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2020	3.1% - 5.3%	3.35% - 6.5%	3.00%	7.50%	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-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2013-2018

(Continued)

Note 3. Pension Plan Changes in Assumptions (Continued)

	Projected Salary Increases					Withdrawal rates			
	State	Nonstate	Inflation Rate	Discount Rate	Mortality Rates	State	Nonstate	Disability Rates	Experience Study
2019	3.1% - 5.3%	3.35% - 6.5%	3.00%	7.50%	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-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.00 - 35.88%	0.005 - 0.540%	2013-2018
2018	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, 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	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2017	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, 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	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2016	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, 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	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2015	3.0% - 4.6%	3.35% - 6.0%	1.90%	7.50%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2014	4.25% - 6.0%	4.25% - 6.0%	2.20%	7.50%	Healthy males - 1983 GAM; Healthy females-1971 GAM; Disabled males - 1971 GAM; Disabled females - Revenue ruling 96-7	1 - 26%	2 - 31.2%	0 - 0.8%	2004-2009

Note 4. OPEB Plan Changes in Assumptions

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

	Inflation	Salary Increases	Investment Rate of Return & Discount Rate	Mortality Rates	Healthcare Cost Trend Rates	Experience Study
2023	2.50%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.	2015-2020
2022	2.25%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then 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 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.	2015-2020
2021	2.25%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for 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; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: 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; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then 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, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.	2015-2020
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for 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; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: 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; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Trooper A and Trooper B	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.	2015-2020
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP–2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fuly generational basis for Trooper A and Trooper B); Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Employee Mortality Table projected to 2020 with Scale MP-2016 on a fully generational basis for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.	2013-2018
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP–2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fuly generational basis for Trooper A and Trooper B); Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Employee Mortality Table projected to 2020 with Scale MP-2016 on a fully generational basis for Trooper A and Trooper B	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.	2010-2015
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP–2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2000 Healthy Annuitant Mortality Table projected to 2025 with scale BB for Trooper A and Trooper B); Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2000 Non-Annuitant Mortality Table projected to 2020 with Scale BB for Trooper A and Trooper B	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.	2010-2015

WEST VIRGINIA
Water Development Authority
Celebrating 50 Years of Service 1974-2024

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, 2024

BROWN EDWARDS
certified public accountants

CONTENTS

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the West Virginia Department of Environmental Protection and
the West Virginia Water Development Authority
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinion

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, 2024, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively 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, 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*, is presented for purposes of additional analysis, 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 4, 2024, 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 4, 2024

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, 2024. Please read it in conjunction with the Fund's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- 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. These loans are deemed no longer outstanding after the last loan disbursement is forgiven. 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 $5,788,219. The Fund's change in net position, therefore, consists of total revenues, less operating expenses and capital grants and contributions.

- The Fund's assets increased by $25,327,155 or 11.2%. This is largely due to an increase in the investment of funds available for projects, grants receivable, and an increase in loans receivable. The Fund's liabilities increased by $6,084,992 due to State Match funds received in June for FY2025, which is reported as unearned revenue. The Fund's net position increased by $19,242,163 or 8.5%.

- The Fund's revenues increased by $1,359,843 or approximately 36%. This is primarily due to an increase in investment earnings of $1,015,350 or 46.17% and interest on loans of $311,040 or 34.7%.

- 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 decreased by $438,751 from the prior year.

- Eighteen (18) new loans were closed during the current year. Also, there are twenty-three (23) additional loans that are still under construction that were closed in prior years seven (7) 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 $25,327,155 or 11.2%. The Fund has $6,175,974 in liabilities as of the current fiscal year which is an increase of 6,688.1% from the year ended June 30, 2023. This increase in assets and liabilities represents 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

	2024	2023
Assets		
Current assets	$ 88,022,499	$ 68,736,713
Loans receivable, less current maturities, net	164,227,715	158,186,346
Total assets	252,250,214	226,923,059
Liabilities		
Current liabilities	6,175,974	90,982
Net position		
Restricted	$ 246,074,240	$ 226,832,077

THE FUND AS A WHOLE (Continued)

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

	2024	2023
Revenues:		
Operating revenues:		
Administrative fees	$ 771,793	$ 735,340
Interest on loans	1,207,113	896,073
Total operating revenues	1,978,906	1,631,413
Investment earnings	3,219,270	2,203,920
Total revenues	5,198,176	3,835,333
Operating expenses	(6,711,929)	(3,018,087)
Income (loss) before capital grants and contributions	(1,513,753)	817,246
Capital grants and contributions	20,755,916	21,194,667
Increase in net position	$ 19,242,163	$ 22,011,913

Most of the increase in the Fund's assets and net position is attributable to the State match through the West Virginia Infrastructure and Jobs Development Council in the amount of $3,093,100. $0 were received from the EPA in the current year, but payments to be paid from EPA funds, totaling $17,662,816 were made during the year. Of these payments, $5,383,426 were principal-forgiveness loans. All of the $3,093,100 received from the State during the current year in matching funds were disbursed. In addition, $9,299,806 in cumulative investment earnings on current and previous State match and repayment 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.

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 decreased $311,251 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 have increased $1,831,513.18 from prior year. Eighteen (18) loans closed during the current year, totaling $38,220,197. Three (3) loan closed in the first quarter, one (1) in the second quarter, three (3) closed in the third quarter, and eleven (11) closed in the fourth quarter.

Total revenues, including operating revenues and investment earnings equaled $5,198,176. This was an increase of $1,362,843 from prior year. This was attributed primarily to an increase in investment earnings of $1,015,350 from the prior year.

(Continued)

THE FUND AS A WHOLE (Continued)

The eighteen loans that closed in the current year totaled $38,220,197. The amounts disbursed for these loans totaled $6,534,248 of which $6,094,987 represented federal funds, including $2,597,419 of those funds having principal forgiveness features, and $439,261 represented State match, including $291,224 of those funds having principal forgiveness features. The amount disbursed during the current year for loans closed in prior years totaled $14,338,867 of which $11,567,828 represented federal funds, including $2,786,007 with principle forgiveness features, $2,673,639 represented State match, including $107,457 with principle forgiveness features, and $97,400 represented proceeds from loan repayment, including $6,113 of those having principal forgiveness features. The sum of all disbursements for the years ended June 30, 2024 and 2023, was $20,873,115 and $29,423,520 respectively.

COMMITMENTS AND PENDING APPLICATION FOR EPA GRANT

As of June 30, 2024, the Fund had outstanding binding commitments to loan to qualified recipients of $39,383,651 and a $34,413,352 grant awarded by the EPA but not yet disbursed for approved drinking water infrastructure projects. Funds 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, 2024 the Fund has $61,189,979 in cash equivalents available for these projects. Additionally, the Fund has $30,753 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 Department of Environmental Protection (WV DEP) submitted an application to the EPA for a grant for the Fund for the fiscal year 2024 grant period and is currently awaiting approval of an award in the amount of $27,646,000. The $5,529,200 State match has been received by the Fund in order to secure the federal funds. The total of $33,175,200, 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 2023 EPA Capitalization Grant awarded for fiscal year 2023 contained a provision which requires that not less than fourteen (14) 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 fourteen (14) 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 WV DEP. 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, 2024

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents (Note 3)	$ 61,220,732
Administrative fees receivable	64,030
Accrued interest receivable	102,605
Current maturities of loans receivable (Note 4)	8,972,316
Grants receivable	17,662,816
Total current assets	88,022,499
LOANS RECEIVABLE, less current maturities	164,227,715
Total assets	$ 252,250,214
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable, related party (Note 8)	$ 646,774
Unearned revenue	5,529,200
Total current liabilities	$ 6,175,974
NET POSITION	
Net position, restricted	$ 246,074,240

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, 2024

OPERATING REVENUES	
Administrative fees	$ 771,793
Interest on loans	1,207,113
	1,978,906
OPERATING EXPENSE	
Administrative expense	923,710
Grant expense - principal forgiveness	5,788,219
	6,711,929
Operating loss	(4,733,023)
NONOPERATING REVENUES (EXPENSES)	
Investment income	3,219,270
Loss before capital grants and contributions	(1,513,753)
CAPITAL GRANTS AND CONTRIBUTIONS	
U.S. Environmental Protection Agency (Note 5)	17,662,816
State of West Virginia, Infrastructure and Jobs Development Council (Note 5)	3,093,100
	20,755,916
Increase in net position	19,242,163
NET POSITION, beginning	226,832,077
NET POSITION, ending	$ 246,074,240

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, 2024

OPERATING ACTIVITIES	
Cash payments for:	
Loans originated	$ (20,873,115)
Administrative expenses	(367,918)
Cash receipts from:	
Principal repayments	8,680,911
Administrative fees	770,339
Interest on loans	1,185,518
Net cash and cash equivalent used in operating activities	(10,604,265)
CAPITAL AND FINANCING ACTIVITIES	
Capital grants and contributions received:	
State of West Virginia, Infrastructure and Jobs Development Council	8,622,300
INVESTING ACTIVITIES	
Investment income	3,219,270
Net increase in cash and cash equivalents	1,237,305
CASH AND CASH EQUIVALENTS, beginning	59,983,427
CASH AND CASH EQUIVALENTS, ending	$ 61,220,732
Reconciliation of operating income to net cash and cash equivalents used in operating activities:	
Operating loss	$ (4,733,023)
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:	
Increase in loans receivable	(6,403,985)
Increase in administrative fees receivable	(1,454)
Increase in accrued interest receivable	(21,595)
Decrease in accounts payable	555,792
Net cash and cash equivalents used in operating activities	$ (10,604,265)
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES	
Current year principal forgiveness	$ 5,788,219

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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 West Virginia Department of Environmental Protection (WV DEP). 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, 2024, Congress has authorized the EPA to award $369,768,858 in capitalization grants to the State, of which $288,184,509 is allocated to the Fund. The State is required to contribute $51,715,657 in matching funds to the Fund, which are provided through the West Virginia Infrastructure and Jobs Development Council. The 2024 Capitalization Grant State Match of $5,529,200 has been received by the Fund 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 deposits with the State Treasurer's Office and investments with the West Virginia Board of Treasury Investments ("BTI"), which 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, 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.

The Fund 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 WV DEP on behalf of the Fund, are to be deemed no longer outstanding after the last loan disbursement is forgiven.

As of June 30, 2024, 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.

Capital grants and contributions

Amounts received from the EPA and the State for the continued capitalization of the Fund are recorded as soon as all eligibility requirements imposed by the provider have been met.

(Continued)

Note 2. Significant Accounting Policies (Continued)

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.

Cash and cash equivalents includes balances invested in the BTI of $61,220,732 at June 30, 2024.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The West Virginia 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.

The BTI limits the exposure to credit risk in the West Virginia 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 following table provides information on the credit ratings of the West Virginia Money Market Pool's investments:

Note 3. Cash and Cash Equivalents (Continued)

Security Type	Rating	Carrying Value (in Thousands)	Percent of Pool Assets
Commercial paper	A-1+	$ 3,626,718	37.76%
	A-1	3,636,575	37.85
Negotiable certificates of deposit	A-1+	844,998	8.80
	A-1	709,000	7.38
Money market funds	AAAm	2,820	0.03
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	134,000	1.40
U.S. agency bonds and notes	AA+	651,000	6.78
		$ 9,605,111	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 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.

Custodial Credit Risk

The 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.

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 West Virginia Money Market Pool:

Note 3. Cash and Cash Equivalents (Continued)

Security Type	Carrying Value (In Thousands)	WAM (Days)
Commercial paper	$ 7,263,293	36
Negotiable certificates of deposit	1,553,998	50
Repurchase agreements	785,000	3
Money market funds	2,820	3
	$ 9,605,111	36

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, 2024, 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 $5,788,219 in loans whose principal was forgiven during the year ended June 30, 2024, in accordance with funding covenants provided by the EPA. During the year, the Fund disbursed $15,084,896 of loans which are required to be repaid in accordance with the loan agreements.

Loans mature at various intervals through June 2064. The scheduled principal payments in future years are as follows at June 30:

2025	$ 8,972,316
2026	9,301,494
2027	9,363,999
2028	9,413,649
2029	9,335,056
Thereafter	164,866,715
	211,253,229
Less loans closed but not disbursed	38,053,198
Less current maturities	8,972,316
Total loans receivable, net of current maturities	$ 164,227,715

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, 2024, 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
12/01/2021	7,659,000	2,220,000
09/13/2022	52,075,784	3,220,600
09/21/2023	52,076,168	3,112,900
	$ 288,184,509	$ 51,715,657

* 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 (cash basis) by the Fund through June 30, 2024:

Cumulative Through	Federal	State	Total Capital Grants and Contributions
June 30, 2024	$ 200,396,935	$ 57,225,057	$ 257,621,992

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 WV DEP to participate in future lending activities consistent with the guidelines of the Act. As of June 30, 2024, the Fund had seven outstanding binding commitments totaling $39,383,651.

The Fund has awarded loans not yet disbursed of approximately $38,053,198 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, 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, 2024.

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 and the WV DEP. During the year ended June 30, 2024, the Fund incurred and recognized $356,614 and $567,096 in administrative expenses from the Authority and the WV DEP, respectively. As of June 30, 2024, $79,678 and $567,096 remain payable to the Authority and the WV DEP, respectively.

Note 9. New Accounting Pronouncements

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

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement defines and requires governments to disclose the risks related to constraints and concentrations of inflows or outflows of resources. The objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Note 9. New Accounting Pronouncements (Continued)

In April 2024, The GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement specifically addresses changes to elements impacting Management's Discussion and Analysis, Unusual or Infrequent Items, the presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, Major Component Unit Information, Budgetary Comparison Information, and addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management has not determined the impact of these new GASB Statements on the prospective financial statements of the Fund.

ACCOMPANYING INFORMATION

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

SCHEDULES OF ADMINISTRATIVE FEES ACTIVITY
As of and for the year ended June 30, 2024

SCHEDULE OF ADMINISTRATIVE FEES, ASSETS, LIABILITIES, AND FUND NET POSITION	
ASSETS	
Cash and cash equivalents	$ 10,561,247
Administrative fees receivable	64,030
Total assets	$ 10,625,277
LIABILITIES	
Accounts payable, related party	$ 646,774
RESTRICTED FUND NET POSITION	$ 9,978,503
SCHEDULE OF ADMINISTRATIVE FEES, REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION	
REVENUES	
Administrative fees	$ 771,793
Interest on investments	548,487
Total revenues	1,320,280
EXPENSES	
Administrative expense	923,710
Net increase in fund net position (net income)	396,570
RESTRICTED FUND NET POSITION - ADMINISTRATIVE FEES, beginning	9,581,933
RESTRICTED FUND NET POSITION - ADMINISTRATIVE FEES, ending	$ 9,978,503
SCHEDULE OF CASH FLOWS	
NET INCOME	$ 396,570
Adjustments to reconcile net income to net cash provided by administrative fees activity:	
Increase in administrative fees receivable	(1,454)
Increase in accounts payable, related party	555,792
NET CASH PROVIDED BY ADMINISTRATIVE FEES ACTIVITY	950,908
CASH AND CASH EQUIVALENTS, beginning	9,610,339
CASH AND CASH EQUIVALENTS, ending	$ 10,561,247

See Independent Auditor's Report.

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor or Program Title	Federal Assistance Listing Number	Federal Expenditures
U.S. Environmental Protection Agency:		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	$ 11,472,237[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, 2024. 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.

BROWN EDWARDS
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 Department of Environmental Protection 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, 2024, 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 4, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 or significant deficiencies may exist that were not identified.

Report on 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 4, 2024

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 Department of Environmental Protection and
the West Virginia Water Development Authority
Charleston, West Virginia

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the West Virginia Drinking Water Treatment Revolving Fund's (the Fund) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Fund's major federal program for the year ended June 30, 2024. 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.

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, 2024.

Basis for Opinion on Major Federal Program

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

We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Fund's compliance with the compliance requirements referred to above.

Report on Compliance for Major Federal Program (Continued)

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Fund's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

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

Charleston, West Virginia
October 4, 2024

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

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:

Assistance Listing Number	Name of Federal Program
66.468	Capitalization Grants for Drinking Water State Revolving Funds

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

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 Audit 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 50 Years of Service 1974-2024

APPENDIX D

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

West Virginia Infrastructure and Jobs Development Council

Financial Report

June 30, 2024

BROWN EDWARDS
certified public accountants

CONTENTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Council, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the proportionate share of the net pension liability (asset), the schedule of contributions to the PERS, the schedule of the proportionate share of the net OPEB liability (asset), the schedule of contributions to the RHBT, and the notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic

Required Supplementary Information (Continued)

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 4, 2024, 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 4, 2024

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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, 2024. Please read it in conjunction with the Council's financial statements, which begin on page 12.

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 $242 thousand from $859.4 million to $859.6 million
- Deferred outflows of resources decreased $108 thousand from $696 thousand to $588 thousand
- Total liabilities decreased $7.8 million from $146.7 million to $138.9 million
- Deferred inflows of resources decreased $12.7 thousand from the previous year
- Net position increased $8 million from $713.3 million to $721.3 million

Governmental Activities:

- Total assets increased $114 thousand from the previous year
- Deferred outflows of resources decreased $659 thousand
- Total liabilities decreased $20.5 million
- Deficiency in net position decreased by $20 million

Government Wide:

- Total assets increased $356 thousand from $859.5 million to $859.9 million
- Deferred outflows of resources decreased $767 thousand from $2.9 million to $2.1 million
- Total liabilities decreased $28.3 million from $233.2 million to $204.9 million
- Deferred inflows of resources increased $12.6 thousand from the prior year
- Net position increased by $28 million from $629 million to $657 million

Other Highlights:

- 12 water and wastewater loans and 5 economic development loans were closed for the year ended June 30, 2024, on behalf of the Council
- 72 water and wastewater grants and 2 economic development grants were closed for the year ended June 30, 2024, 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

	2024 Business Type Activities	2024 Governmental Type Activities	2023 Business Type Activities	2023 Governmental Type Activities
ASSETS				
Cash equivalents	$ 194,549,460	$ 279,314	$ 205,784,002	$ 164,301
Investments, restricted	114,485,664	-	101,823,377	-
Loans receivable, net, restricted	549,090,456	-	550,625,236	-
Other	1,489,083	-	1,140,273	746
Total assets	$ 859,614,663	$ 279,314	$ 859,372,888	$ 165,047
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources from pensions	$ 56,939	$ -	$ 104,660	$ -
Deferred outflows of resources from OPEB	4,019	-	13,581	-
Deferred loss on refunding	526,966	1,539,478	578,143	2,198,470
Total deferred outflows of resources	$ 587,924	$ 1,539,478	$ 696,384	$ 2,198,470
LIABILITIES				
Bond payable, net	$ 136,479,630	$ 65,749,693	$ 144,164,715	$ 86,153,337
Net pension liability	-	-	41,481	-
Net OPEB liability	-	-	4,055	-
Other	2,426,288	243,267	2,523,889	335,475
Total liabilities	$ 138,905,918	$ 65,992,960	$ 146,734,14	$ 86,488,812
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources from pensions	$ 80	$ -	$ 1,113	$ -
Deferred inflows of resources from OPEB	9,914	-	21,544	-
Total deferred inflows of resources	$ 9,994	$ -	$ 22,657	$ -
NET POSITION				
Restricted for bond indentures and enabling legislation	$ 703,155,234	$ 279.314	$ 667,607,770	$ 165,047
Restricted for OPEB and pension	6,287	-	-	-
Unrestricted (deficit)	18,125,154	(64,453,482)	45,704,705	(84,290,342)
Total net position	$ 721,286,675	$ (64,174,168)	$ 713,312,475	$ (84,125,295)

(Continued)

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE (Continued)

Table 2
Changes in Net Position

	2024 Business Type Activities	2024 Governmental Type Activities	2023 Business Type Activities	2023 Governmental Type Activities
Revenues				
Program revenues				
Charges for services	$ 4,564,581	$ -	$ 3,388,918	$ -
General revenues				
Miscellaneous revenues	(4,670)	-	(3,906)	-
Intergovernmental	46,000,000	22,201,225	46,000,000	21,937,975
Investment earnings	15,292,565	114,267	9,842,140	165,047
Total general revenues	61,287,895	22,315,492	55,838,234	22,103,022
Total revenues	65,852,476	22,315,492	59,227,152	22,103,022
Expenses				
General & administrative	1,552,559	-	1,172,516	-
Interest on long-term debt	5,025,867	2,364,365	5,391,505	3,284,418
Infrastructure & economic development	47,923,699	-	28,291,149	-
Loss on uncollectible loans	3,376,151	-	12,196,321	-
Total expenses	57,878,276	2,364,365	47,051,491	3,284,418
Changes in net position	7,974,200	19,951,127	12,175,661	18,818,604
Beginning net position (deficit)	713,312,475	(84,125,295)	701,136,814	(102,943,899)
Ending net position (deficit)	$721,286,675	($64,174,168)	$713,312,475	($84,125,295)

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 $11.1 million from $205.9 million to $194.8 million.

Investments increased $12.7 million due to increase in investment earnings.

Loans receivable decreased $1.5 million. This decrease was offset by reductions to bonds payable of $28.1 million.

Deferred outflows of resources had a decrease of $767 thousand. This was due to a decrease of $710 thousand in deferred loss on refunding, a decrease of $47 thousand of deferred outflows for pensions, and a $10 thousand decrease in deferred outflows for OPEB.

Total liabilities decreased $28.3 million primarily due to a net decrease of $28.1 million in bonds payable and a decrease of other liabilities of $190 thousand from the previous year.

Deferred inflows of resources decreased by $12.7 thousand 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. Net position restricted for bond indentures and enabling legislation increased approximately $35.7 million during the current year. This increase was primarily a result of a decrease in bonds payable of $7.7 million, increases of restricted cash of $16.4 million and investments of $12.7 million offset by a decrease in the restricted portion of loans receivable of $1.5 million.

Unrestricted net position for business type activities as of June 30, 2024, is $18.1 million, a decrease from the prior year of approximately $27.6 million.

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, 2024, is $657 million.

Charges for services consist of interest earnings on loans to projects which increased during the current year by $1.2 million. Loans receivable had a net decrease of $1.5 million during the current year.

Intergovernmental activity consists of $22.2 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 2024. 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.

(Continued)

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE (Continued)

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 increased $5.4 million from the prior year. Interest rates for the money market accounts increased substantially throughout the year resulting in an increase in investment earnings.

Interest on long-term debt decreased approximately $1.3 million. The decrease is the result of lower interest rates obtained from several bond refundings in recent years.

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 $8,622,300 allocated to the Drinking Water Treatment Revolving Fund and $9,635,400 was allocated to the Clean Water State Revolving Fund. As of year-end, the Council has 114 binding commitments for water and wastewater projects. These include 24 loans and 90 grants for which the funds are committed and not disbursed as described in Note 15 to the financial statements. Council has 8 binding commitments for economic development projects, which includes 6 loans and 2 grants.

Loss on uncollectible loans decreased $8.8 million, this decrease was due to a smaller increase in the allowance for uncollectible loans in the current year compared to the prior year.

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. Of the $46 million appropriated, the first $6 million is used for debt service on the Series 2014 bonds. These bonds were issued for the Chesapeake Bay and Greenbrier Watershed projects and the remaining $40 million is used for water, wastewater and economic development projects.

For the year ended June 30, 2024, deposits of $40 million were made (80%) for water, wastewater, and (20%) for economic development projects. For water and wastewater no more than 25% of the funds deposited are to be spent on grants. For the year ended June 30, 2024, Council approved 20% for grants. On the first day of each month, if the amount available for grants is below $1,000,000, Council may convert up to 30% of the funds available for loans to be used for grants.

DEBT ADMINISTRATION

The Infrastructure General Obligation Bonds and Refunding 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 such general obligation bonds is paid from the dedication of mineral severance taxes in the State's general fund. As of June 30, 2024, there were three (3) Series of Bonds outstanding totaling $62,270,412. The Series 1999 A Capital appreciation Bonds are outstanding in the amount of $26,160,412 the 2015 Series A Refunding in the amount of $26,300,000, and 2017 Series Refunding Bonds in the amount of $9,810,000. 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 Investor Service, Inc. ("Moody's").

The West Virginia Water Development Authority (the Authority) is authorized to issue, on behalf of the Council, infrastructure and refunding bonds, 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 are 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, 2024, the 2012 Series A Bonds have principal outstanding in the amount of $22,390,000 and the 2016 Series A Bonds have principal outstanding in the amount of $53,690,000. The 2012 Series A Bonds paid $180,000 in principal and the 2016 Series A Bonds paid $3,330,000 in principle.

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, 2024, 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, 2024, $49,810,000 of principal was outstanding. $3,340,000 principal was paid in Fiscal Year 2024. 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 2025 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, 2024

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash equivalents, including restricted amounts of $176,758,598 (Note 6)	$ 279,314	$ 194,549,460	$ 194,828,774
Investments, restricted (Notes 6 and 7)	-	114,485,664	114,485,664
Accrued interest receivable, restricted, net of allowances of $1,903,441	-	1,244,894	1,244,894
Loans receivable, net of allowances of $38,799,150	-	549,090,456	549,090,456
Net OPEB asset (Note 11)	-	5,223	5,223
Net pension asset (Note 10)	-	1,064	1,064
Miscellaneous receivable	-	237,902	237,902
Total assets	$ 279,314	$ 859,614,663	$ 859,893,977
DEFERRED OUTFLOWS OF RESOURCES			
Losses on bond refundings	$ 1,539,478	$ 526,966	$ 2,066,444
Deferred outflows of resources from OPEB (Note 11)	-	4,019	4,019
Deferred outflows of resources from pensions (Note 10)	-	56,939	56,939
	$ 1,539,478	$ 587,924	$ 2,127,402
LIABILITIES			
Accounts payable	$ -	$ 89,414	$ 89,414
Due to other State of West Virginia agencies (Note 9)	-	272,437	272,437
Accrued interest payable	243,267	2,064,437	2,307,704
General obligation bonds (Note 8)			
Due within one year, net of unamortized premium of $1,489,348	22,444,348	-	22,444,348
Due after one year, net of unamortized premium of $1,989,933	43,305,345	-	43,305,345
Revenue bonds (Note 8)			
Due within one year, net of unamortized premium of $835,085	-	7,995,085	7,995,085
Due after one year, net of unamortized premium of $9,754,545	-	128,484,545	128,484,545
Total liabilities	$ 65,992,960	$ 138,905,918	$ 204,898,878
DEFERRED INFLOWS OF RESOURCES			
Deferrend inflows of resources from OPEB (Note 11)	$ -	$ 9,914	$ 9,914
Deferrend inflows of resources from pensions (Note 10)	-	80	80
	$ -	$ 9,994	$ 9,994
NET POSITION			
Restricted for bond indentures and enabling legislation (Note 14)	$ 279,314	$ 703,155,234	$ 703,434,548
Restricted for OPEB and pension	-	6,287	6,287
Unrestricted (deficit)	(64,453,482)	18,125,154	(46,328,328)
Total net position	$ (64,174,168)	$ 721,286,675	$ 657,112,507

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, 2024

Functions/Programs	Expenses	Program Revenue	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Total
Governmental activities:					
Interest and bond issuance costs on long-term debt	$ 2,364,365	$ -	$ (2,364,365)	$ -	$ (2,364,365)
Business-type activities:					
Infrastructure and jobs development	57,878,276	4,564,581	-	(53,313,695)	(53,313,695)
Total primary government	$ 60,242,641	$ 4,564,581	$ (2,364,365)	$ (53,313,695)	$ (55,678,060)
General revenues:					
Intergovernmental (Note 9)			$ 22,201,225	$ 46,000,000	$ 68,201,225
Other miscellaneous			-	(4,670)	(4,670)
Investment earnings			114,267	15,292,565	15,406,832
Total general revenues and transfers			22,315,492	61,287,895	83,603,387
Change in net position			19,951,127	7,974,200	27,925,327
Net position (deficit), beginning of year			(84,125,295)	713,312,475	629,187,180
Net position (deficit), end of year			$ (64,174,168)	$ 721,286,675	$ 657,112,507

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2024

	Debt Service Fund
ASSETS	
Cash equivalents (Note 6)	$ 279,314
FUND BALANCE	
Restricted fund balance	$ 279,314

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, 2024

	Debt Service Fund
REVENUES:	
Intergovernmental (Note 9)	$ 22,201,225
Investment earnings	114,267
Total revenues	22,315,492
EXPENDITURES:	
Debt service:	
Principal	20,465,000
Interest	1,736,225
Total expenditures	22,201,225
Net change in fund balance	114,267
FUND BALANCE, beginning	165,047
FUND BALANCE, ending	$ 279,314

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, 2024

	Enterprise Fund
ASSETS	
CURRENT ASSETS	
Cash equivalents, including restricted amounts of $176,479,284 (Note 6)	$ 194,549,460
Investments, restricted (Notes 6 and 7)	114,485,664
Current portion of loans receivable, restricted	26,687,959
Accrued interest receivable, restricted, net of allowances of 1,903,441	1,244,894
Miscellaneous receivable	237,902
Total current assets	337,205,879
NONCURRENT ASSETS	
Net OPEB asset (Note 11)	5,223
Net pension asset (Note 10)	1,064
Loans receivable, net of allowances of $38,799,150, restricted	522,402,497
Total assets	$ 859,614,663
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources from OPEB (Note 11)	$ 4,019
Deferred outflows of resources from pensions (Note 10)	56,939
Loss on bond refundings	526,966
	$ 587,924
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 89,414
Due to other State of West Virginia agencies (Note 9)	272,437
Accrued interest payable	2,064,437
Current portion of revenue bonds payable, net of unamortized premium of $835,085 (Note 8)	7,995,085
Total current liabilities	10,421,373
NONCURRENT LIABILITIES	
Noncurrent portion of revenue bonds payable, net of unamortized premium of $9,754,545 (Note 8)	128,484,545
Total liabilities	$ 138,905,918
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources from OPEB (Note 11)	$ 9,914
Deferred inflows of resources from pensions (Note 10)	80
	$ 9,994
NET POSITION	
Restricted for bond indentures and enabling legislation (Note 14)	$ 703,155,234
Restricted for OPEB and pension	6,287
Unrestricted	18,125,154
Total net position	$ 721,286,675

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, 2024

	Enterprise Fund
INTEREST CHARGES FOR SERVICES	$ 4,564,581
OPERATING EXPENSES	
Infrastructure and economic development	47,923,699
Provisions for uncollectible loan principal and accrued interest	3,376,151
General and administrative (Note 12)	1,552,559
Total operating expenses	52,852,409
Operating loss	(48,287,828)
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous expenses	(4,670)
Intergovernmental (Note 9)	46,000,000
Investment earnings, net	15,292,565
Interest on bonds	(5,025,867)
Total nonoperating revenues, net	56,262,028
Change in net position	7,974,200
NET POSITION, beginning	713,312,475
NET POSITION, ending	$ 721,286,675

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, 2024

	Enterprise Fund
OPERATING ACTIVITIES	
Receipts of principal on loans	$ 29,939,900
Receipts of interest on loans	4,011,685
Disbursements of loans	(31,508,473)
Disbursements of grants	(47,923,699)
Disbursements of general and administrative expenses	(901,503)
Disbursements on behalf of employees	(629,835)
Net cash used in operations	(47,011,925)
NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous expenses	(4,670)
Excess lottery and other appropriations	46,000,000
Principal paid on revenue bonds	(6,850,000)
Interest paid on revenue bonds	(5,935,800)
Net cash provided by noncapital financing activities	33,209,530
INVESTING ACTIVITIES	
Purchase of investments	(259,159,885)
Proceeds from sale of investments	246,634,781
Investment earnings	15,092,957
Net cash provided by investing activities	2,567,853
Net decrease in cash and cash equivalents	(11,234,542)
CASH EQUIVALENTS, beginning	205,784,002
CASH EQUIVALENTS, ending	$ 194,549,460
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (48,287,828)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Provisions for uncollectible loan principal and accrued interest	3,376,151
Changes in operating accounts:	
Due to other agencies	(20,589)
Loans receivable	(1,841,371)
Miscellaneous receivables	(221,844)
Accrued interest receivable	(58,254)
Net pension asset	(1,064)
Net OPEB asset	(5,223)
Accounts payable	49,013
Deferred outflows of resources from pension and OPEB	57,283
Net pension liability	(41,481)
Net OPEB liability	(4,055)
Deferred inflows of resources from pension and OPEB	(12,663)
Net cash used in operating activities	$ (47,011,925)

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 annual comprehensive 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.

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 include 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 and forgivable 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. No interest is accrued for loans once management has determined they may be uncollectible.

The Council also issues certain loans that are forgivable under specified criteria. The Council maintains a provision for loan loss for the balance of loans expected to be forgiven.

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 asset, 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 asset, 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, 2024, 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 for bond indentures and enabling legislation, restricted for OPEB and pension, or unrestricted. Net position restricted for bond indentures and enabling legislation represents assets restricted for the repayment of bond proceeds or by bond covenants. Net position restricted for OPEB, and pension represents assets restricted for the payment of OPEB and pension benefits. 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	$ 279,314
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	1,539,478
General obligation bonds	(65,749,693)
Accrued interest on general obligation bonds	(243,267)
Net position (deficit) of governmental activities	$ (64,174,168)

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	$ 114,267
Principal debt payments recorded on the modified accrual basis of accounting are not recorded in the governmental activities	20,465,000
Accretion of interest related to capital appreciation bonds is an expense of the governmental activities	(628,140)
Change in net position of governmental activities	$ 19,951,127

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 West Virginia Board of Treasury Investments (BTI).

The Council participates in the BTI West Virginia Money Market Pool, which is an amortized cost pool 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. Investment income earned is pro-rated to the Council 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 Council with overnight notice. The deposited funds are invested in accordance with investment guidelines of the BTI. The Council's balance, which is included in its cash and cash equivalents, reports a carrying value of $279,314 as of June 30, 2024.

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 WV 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)
Commercial paper	$ 7,263,293	36
Negotiable certificates of deposit	1,553,998	50
Repurchase agreements	785,000	3
Money market funds	2,820	3
	$ 9,605,111	36

(Continued)

Note 6. Deposit and Investment Risk Disclosures (Continued)

Interest rate risk - all other investments

As of June 30, 2024, 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)	$ 92,926,755	$ 42,198,875	$ 50,727,880
Commercial paper (carried at fair value)	13,117,770	13,117,770	-
Corporate bonds (carried at fair value)	2,828,775	-	2,828,775
U.S. agency bonds (carried at fair value)	5,612,364	5,612,364	-
Money markets (carried at amortized cost)	194,549,460	194,549,460	-
	$309,035,124	$255,478,469	$ 53,556,655

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.

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 deposit and 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, 2024
(a)	Direct Federal Obligations	100%	30.07%
(b)	Federally Guaranteed Obligations	100%	-
(c)	Federal Agency Obligations	90%	1.82%
(d)	Money Markets	90%	62.95%
(e)	Repurchase Agreements/Investment Contracts	90%	-
(f)	Time Deposits/Certificates of Deposit	90%	-
(g)	Demand Deposits	30%	-
(h)	Corporate Obligations	15%	5.16%
(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 debt to 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 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	Rating	Carrying Value (In Thousands)	Percent of Pool Assets
Commercial paper	A-1+	$ 3,626,718	37.76%
	A-1	3,636,575	37.85
Negotiable certificates of deposit	A-1+	844,998	8.80
	A-1	709,000	7.38
Money market funds	AAAm	2,820	0.03
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	134,000	1.40
U.S. agency bonds and notes	AA+	651,000	6.78
		$ 9,605,111	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 & Poor's	Carrying Value
Money markets	Aaa-mf	AAAm	$ 170,595,674
Money market**	No rating	No rating	23,771,048
Money market	No rating	No rating	182,738
U.S. Treasury obligations*	Aaa	AA+	92,926,755
U.S. agency bonds	Aaa	AA+	5,612,364
Corporate bonds	Aaa	AA+	1,446,015
	Aa2	AA	1,382,760
Commercial paper	Aa1	AA-	1,437,906
	Aa2	A+	1,446,998
	Aa2	AA+	1,454,880
	Aa3	A+	1,471,943
	Aa3	A+	2,912,295
	A1	A+	1,462,820
	A1	AA	1,469,928
	A2	A	1,461,000
			$ 309,035,124

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

** The total balance of this investment is FDIC insured

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

The 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.

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, 2024, 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.

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	$ 309,035,124
Less: cash equivalents	(194,549,460)
Carrying amount of investments	$ 114,485,664
As reported on the Statement of Net Position - Proprietary Fund:	
Investments	$ 114,485,664

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

The table below summarizes the recurring fair value measurements of the investment securities based on the fair value hierarchy as of June 30, 2024.

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury obligations	$ -	$ 92,926,755	$ -	$ 92,926,755
Commercial paper	-	13,117,770	-	13,117,770
U.S. agency bond	-	5,612,364	-	5,612,364
Corporate bonds	-	2,828,775	-	2,828,775
Total	$ -	$114,485,664	$ -	$114,485,664

Note 8. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	Balance July 1, 2023	Additions/ Accretions	Debt Reductions	Balance June 30, 2024
Governmental fund type:				
General Obligation Bonds				
1999 Series A Capital Appreciation Bonds	$ 34,009,708	$ 1,550,704	$ 9,400,000	$ 26,160,412
2015 Series A Refunding	35,875,000	-	9,575,000	26,300,000
2017 Series Refunding	11,300,000	-	1,490,000	9,810,000
	81,184,708	1,550,704	20,465,000	62,270,412
Proprietary fund type:				
Revenue and Refunding Bonds				
2012 Series A Refunding	22,570,000	-	180,000	22,390,000
2014 Series A	53,150,000	-	3,340,000	49,810,000
2016 Series A Refunding	57,020,000	-	3,330,000	53,690,000
	132,740,000	-	6,850,000	125,890,000
Total	$213,924,708	$ 1,550,704	$ 27,315,000	$ 188,160,412

Debt service fund (governmental activity)

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 $22.2 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 $20,465,000 and $1,736,225, respectively for the year ended June 30, 2024.

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)

Debt service fund (governmental activity) – continued

	Principal	Interest	Total
2025	$ 11,555,000	$ 1,255,175	$ 12,810,175
2026	12,115,000	836,375	12,951,375
2027	12,440,000	311,000	12,751,000
	$ 36,110,000	$ 2,402,550	$ 38,512,550

Capital Appreciation Bonds:

	Principal, net of amounts to be accreted in future years	Amounts to be accreted in future years	Total
2025	$ 9,230,880	$ 169,120	$ 9,400,000
2026	8,603,851	646,149	9,250,000
2027	8,325,681	1,124,319	9,450,000
Total capital appreciation bonds	26,160,412	$ 1,939,588	$ 28,100,000
Total general obligation bonds and capital appreciation bonds	62,270,412		
Add: unamortized premium	3,479,281		
Less: amount due within one year	(22,444,348)		
Amount due after one year	$ 43,305,345		

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 2048, are as follows:

	Principal	Interest	Total
2025	$ 7,160,000	$ 5,608,188	$ 12,768,188
2026	7,310,000	5,284,556	12,594,556
2027	7,645,000	4,935,488	12,580,488
2028	8,010,000	4,564,738	12,574,738
2029	8,295,000	4,185,513	12,480,513
	38,420,000	24,578,483	62,998,483
2030-2034	45,930,000	14,758,988	60,688,988
2035-2039	29,460,000	5,222,663	34,682,663
2040-2044	10,045,000	1,523,556	11,568,556
2045-2048	2,035,000	89,625	2,124,625
	87,470,000	21,594,832	109,064,832
Total revenue and refunding bonds	125,890,000	$ 46,173,315	$ 172,063,315
Add: unamortized premium	10,589,630		
Less: amount due within one year	(7,995,085)		
Amount due after one year	$ 128,484,545		

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 $8,316,287 and $451,944 respectively were available for revenue bond debt service of $6,871,800, comprised of $3,510,000 for principal and $3,361,800 for interest, respectively for the year ended June 30, 2024.

Note 9. Transactions with State of West Virginia Agencies

The Council received $22.2 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 2024. 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. $46 million in Excess Lottery funds was appropriated to the West Virginia Infrastructure Council in accordance with Senate Bill 250. 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, 2024, the Council contributed $8,622,300 to the Department of Environmental Protection 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, during the year ended June 30, 2024, $9,635,400 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, 2024, the Council had incurred $1,552,559 of expenses of which $272,437 remains unpaid at June 30, 2024.

Note 10. Pension Benefits

<u>Plan description</u>

The Council contributes to the Public Employees' Retirement System (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.

<u>Benefits provided</u>

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, final average salary is the average annual salary from the highest 36 consecutive months within the last fifteen years of employment. For all employees hired July 1, 2015, and later, final average salary is the average annual salary of the highest 60 consecutive months within

Note 10. Pension Benefits (Continued)

Benefits provided (continued)

the last fifteen years of employment. 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 employees are established by the CPRB. Current funding policy requires contributions, consisting of member contributions of 4.5% of annual earnings and employer contributions of 9.0%, 9.0%, and 10.0% for the years ended June 30, 2024, 2023, and 2022, respectively. All members hired July 1, 2015, and later will contribute 6% of annual earnings.

During the years ended June 30, 2024, 2023, and 2022, the Council's contributions to PERS required and made were approximately $34,138, $36,405, and $39,823, respectively.

Pension assets, pension expense (revenue), and deferred outflows of resources and deferred inflows of resources related to pensions

On June 30, 2024, the Council reported an asset of $1,064 for its proportionate share of the net pension asset. The net pension asset reported at June 30, 2024, was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023. The Council's proportion of the net pension asset 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, 2023. On June 30, 2023, the Council's proportion was 0.023759 percent, which was a decrease of 0.004095 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Council recognized pension expense of $38,282. On June 30, 2024, 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	$ 6,471	$ -
Changes in proportion and differences between the Council's contributions and proportionate share of contributions	422	80
Differences in assumptions	6,889	-
Differences between expected and actual experience	9,019	-
The Council's contributions made subsequent to the measurement date of June 30, 2023	34,138	-
Total	$ 56,939	$ 80

Note 10. Pension Benefits (Continued)

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

The amount of $34,138 reported as deferred outflows of resources related to pensions resulting from the Council's contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2025	$ (303)
2026	(24,482)
2027	51,986
2028	(4,480)

Actuarial assumptions

The total pension liability in the July 1, 2022, actuarial valuation, which was used for the measurement date of June 30, 2023, was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	2.75-6.75% percent, average, including inflation
Investment rate of return	7.25 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.

Experience studies, which were based on the years 2015 through 2020 for economic assumptions and 2013 through 2018 for all other assumptions, were used for the 2022 actuarial valuation.

The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment 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:

(Continued)

Note 10. Pension Benefit (Continued)

Actuarial assumptions (Continued)

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	27.5%	6.5%
International equity	27.5%	9.1%
Fixed income	15.0%	4.3%
Real estate	10.0%	5.8%
Private equity	10.0%	9.2%
Hedge funds	10.0%	4.6%

Discount rate

The discount rate used to measure the total pension liability was 7.25 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 these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Council's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.25 percent, as well as what the Council's proportionate share of the net pension asset (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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Council's proportionate share of the net pension asset (liability)	$ (220,735)	$ 1,064	$ 188,224

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 publicly 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 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 primarily 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 Prescription Drug Plan (MAPD) 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, 2024, 2023, and 2022, respectively, were:

Note 11. Other Postemployment Benefits (Continued)

Contributions (Continued)

	2024	2023	2022 2/1/22-6/30/22	2022 7/1/21-1/31/22
Paygo Premium	$ -	$ 70	$ 48	$ 116

Contributions to the OPEB plan from the Council were $0, $3,766, and $3,746, for the years ended June 30, 2024, 2023, and 2022, 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.

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 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.

(Continued)

Note 11. Other Postemployment Benefits (Continued)

OPEB assets, OPEB expense (revenues), and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2024, the Council reported an asset for its proportionate share of the RHBT net OPEB asset 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 asset, the related State support, and the total portion of the net OPEB asset that was associated with the Council was as follows:

	2024
Council's proportionate share of the net OPEB asset	$ 5,223
State's special funding proportionate share of the net OPEB asset associated with the Council	2,229
Total portion of net OPEB asset associated with the Council	$ 7,452

The net OPEB asset reported at June 30, 2024, was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022, and rolled forward to a measurement date of June 30, 2023. The Council's proportion of the net OPEB asset 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, 2023, the Council's proportion was .003300 percent, which is a decrease of .000316 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Council recognized OPEB expense (revenue) of $(16,016) and for support provided by the State under special funding situations revenue of $(4,670). At June 30, 2024, 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	$ -	$ 3,040
Changes in assumptions	1,440	2,914
Net difference between projected and actual earnings on OPEB plan investments	-	88
Changes in proportion and differences between Council's contributions and proportionate share of contributions	2,579	3,872
Total	$ 4,019	$ 9,914

(Continued)

Note 11. Other Postemployment Benefits (Continued)

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

There were no contributions subsequent to the measurement date that will be recognized as an increase in the net OPEB asset in the year ended June 30, 2025. 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:	
2025	$ (2,158)
2026	(3,570)
2027	28
2028	(195)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to a measurement date of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Rates based on 2015-2020 OPEB experience study and dependent on pension plan participation and attained age, and range from 2.75% to 5.18%, including inflation
Investment rate of return	7.40%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	20 years closed period beginning June 30, 2017

Note 11. Other Postemployment Benefits (Continued)

Actuarial assumptions (Continued)

Mortality rates

Post-retirement mortality retirement rates were based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for Teachers' Retirement System (TRS), Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 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-2021 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-2021 for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and females for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS, and Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Troopers A and B.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period of July 1, 2015, through June 30, 2020.

The actuarial valuation as of June 30, 2022, reflects updates to the following assumptions which are revised at each measurement date:

- Per capita claim costs;
- Healthcare trend rates;
- Aging factors;
- Participation rates

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 2.75% for assets invested with the BTI. Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 45% equity, 15% fixed income, 6% private credit and income, 12% private equity, 10% hedge fund and 12% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the BTI.

The long-term rate of return on OPEB plan investments are determined using a building block method in which best estimate ranges of expected future rates of return 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 rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions, and forecast 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 2.50% 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:

Note 11. Other Postemployment Benefits (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	45.00%	7.4%
Fixed Income	15.00%	3.9%
Private Credit and Income	6.00%	7.4%
Private Equity	12.00%	10.0%
Hedge Funds	10.00%	4.5%
Real Estate	12.00%	7.2%

Discount rate

A single discount rate of 7.40% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40%. 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. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Other key assumptions

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

OPEB subsequent event

RHBT had significant savings with the Humana (a key Plan vendor) contract renewal beginning fiscal years 2022 through 2025. In addition to the Humana contract savings, RHBT experienced favorable investment returns in fiscal year 2021, resulting in an excess in the premium stabilization reserve. RHBT is passing on these savings to PEIA active employers and as a result, there was no PAYGO billed in fiscal year 2024. The 5-year financial plan, which was passed by the PEIA Finance Board in December 2021, originally had PAYGO to be billed at $20M for fiscal year 2024.

For the fiscal year ending June 30, 2025, financial reporting, many OPEB eligible employers will see $0 OPEB contributions and a $0 net OPEB liability (asset) on the GASB 75 Schedules of Employer OPEB Allocations and OPEB Amounts by Employer.

The net OPEB liability (asset) is allocated to all OPEB eligible employers based on OPEB contributions. These contributions include PAYGO, retiree leave conversion (health & life) and non-participating billings for a given fiscal year. For fiscal year 2024, there were $0 billed in PAYGO leaving only the remaining contribution types to be allocated. Many OPEB eligible employers are billed PAYGO only. These employers will have $0 OPEB contributions resulting in a $0 net OPEB liability (asset) on the schedules for fiscal year 2025 (based on FY 2024 contributions), resulting in the remaining employers that do have other types of OPEB contributions absorbing the entire net OPEB liability (asset). Based off the current year schedules, approximately 413 out of the 700+ employers have only PAYGO billings as contributions.

Note 11. Other Postemployment Benefits (Continued)

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

The following presents the Council's proportionate share of the net OPEB asset calculated using the current discount rate, as well as what the Council's proportionate share of the net OPEB asset 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 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Council's proportionate share of the net OPEB asset	$ 884	$ 5,223	$ 9,982

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

The following presents the Council's proportionate share of the net OPEB asset (liability), as well as what the Council's proportionate share of the net OPEB asset (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
Council's proportionate share of the net OPEB asset (liability)	$ 13,304	$ 5,223	$ (4,388)

Note 12. Schedule of General and Administrative Expenses

General and administrative expenses in the enterprise fund for the year ended June 30, 2024, were as follows:

Salaries and benefits	$ 625,028
Legal	296,204
Rentals	329,319
Travel and training	8,616
Office supplies	2,827
Computer services	7,877
Telecommunications	13,970
Trustee	106,922
Postage	373
Miscellaneous	161,423
Total general and administrative	$ 1,552,559

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, 2024.

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 or for the payment of OPEB and pension benefits. The enterprise fund Statement of Net Position reports $703,155,234 of net position restricted for bond indentures and enabling legislation of which $83,438,595 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, 2024, $125,513,783 and $8,360,000, respectively, was designated by the Council for loans and grants to water and wastewater projects and economic development projects.

Note 16. New Accounting Pronouncement

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

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement defines and requires governments to disclose the risks related to constraints and concentrations of inflows or outflows of resources. The objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

(Continued)

Note 16. New Accounting Pronouncement (Continued)

In April 2024, The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement specifically addresses changes to elements impacting Management's Discussion and Analysis, Unusual or Infrequent Items, the presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, Major Component Unit Information, Budgetary Comparison Information, and addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management has not determined the impact of these new GASB Statements on the prospective financial statements of the Council.

Note 17. Segment Information

The segment information for the Council's Enterprise Fund is presented in conformity 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.

Note 17. Segment Information (Continued)

	Defined Loan Program
ASSETS	
CURRENT	$ 39,310,318
NONCURRENT	127,581,538
Total assets	$ 166,891,856
DEFERRED OUTFLOWS OF RESOURCES	
Losses on bond refundings	$ 526,966
LIABILITIES	
CURRENT	$ 7,442,597
NONCURRENT	76,537,630
Total liabilities	$ 83,980,227
NET POSITON	
Restricted	$ 83,438,595
OPERATING REVENUE	
Charges for services	$ 451,944
OPERATING EXPENSES	
General and administrative	338,809
Interest on bonds	3,162,053
Operating loss	(3,048,918)
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue, net of arbitrage	1,345,828
Transfers (net)	(594,163)
Change in net position	(2,297,253)
Beginning net position	85,735,848
Ending net position	$ 83,438,595
Cash flows related to the Defined Loan Program segment:	
Net cash provided by (used in):	
Operating activities	$ 5,737,672
Noncapital financing activities	(4,261,385)
Investing activities	1,329,715
Beginning cash equivalents	26,599,949
Ending cash equivalents	$ 29,405,951

REQUIRED SUPPLEMENTARY INFORMATION

THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Public Employees Retirement System Plan

	Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Council's proportion (percentage) of the net pension liability (asset)	0.0238%	0.0279%	0.0276%	0.0251%	0.0220%	0.0156%	0.0129%	0.0194%	0.0222%	0.0209%
The Council's proportionate share of the net pension liability (asset)	$ (1,064)	$ 41,481	$ (242,553)	$ 132,872	$ 47,307	$ 40,358	$ 55,576	$ 178,377	$ 123,848	$ 77,670
The Council's covered payroll	$ 404,500	$ 398,230	$ 418,590	$ 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 (asset) as a percentage of its covered payroll	(0.26%)	10.42%	(57.95%)	34.00%	14.71%	16.82%	30.70%	64.36%	41.04%	30.14%
Plan fiduciary net position as a percentage of its total pension liability	100.05%	98.17%	111.07%	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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 34,138	$ 36,405	$ 39,823	$ 41,859	$ 39,085	$ 32,161	$ 26,387	$ 21,726	$ 37,417	$ 42,090
Contributions in relation to the statutorily required contribution	(34,138)	(36,405)	(39,823)	(41,859)	(39,085)	(32,161)	(26,387)	(21,726)	(37,417)	(42,090)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Council's covered payroll	$ 379,311	$ 404,500	$ 398,230	$ 418,590	$ 390,847	$ 321,613	$ 239,873	$ 181,050	$ 277,162	$ 301,770
Contributions as a percentage of covered payroll	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	13.95%

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

THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

Retiree Health Benefit Trust

	Years Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
The Council's proportion (percentage) of the net OPEB liability (asset)	0.003300%	0.002594%	0.006211%	0.001211%	0.001391%	0.001663%	0.002052%
The Council's proportionate share of the net OPEB liability (asset)	$ (5,223)	$ 4,055	$ (1,847)	$ 11,494	$ 23,078	$ 35,679	$ 50,460
The State's proportionate share of the net OPEB liability (asset) associated with the Council	(2,229)	1,379	(364)	2,542	4,723	7,374	10,365
Total proportionate share of the net OPEB liability (asset) associated with the Council	$ (7,452)	$ 5,434	$ (2,211)	$ 14,036	$ 27,801	$ 43,053	$ 60,825
The Council's covered employee payroll	$ 95,690	$ 30,880	$ 50,796	$ 33,290	$ 42,866	$ 42,914	$ 67,537
The Council's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	(5.46%)	13.13%	(3.64%)	34.53%	53.84%	83.14%	74.71%
Plan fiduciary net position as a percentage of the total OPEB liability	109.66%	93.59%	101.81%	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,						
	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ -	$ 3,766	$ 3,746	$ 6,878	$ 5,030	$ 2,684	$ 3,345
Contributions in relation to the statutorily required contribution	-	(3,766)	(3,746)	(6,878)	(5,030)	(2,684)	(3,345)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Council's covered employee payroll	$ 100,474	$ 95,690	$ 30,880	$ 50,796	$ 33,290	$ 42,866	$ 42,914
Contributions as a percentage of covered employee payroll	0.00%	3.94%	12.13%	13.54%	15.11%	6.26%	7.79%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Note 1. Trend Information Presented

The accompanying schedules of the Council's proportionate share of the net OPEB and pension liability (assets) 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. 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.

- 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

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

	Projected Salary Increases					Withdrawal rates			
	State	Nonstate	Inflation Rate	Discount Rate	Mortality Rates	State	Nonstate	Disability Rates	Experience Study
2023	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	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-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2022	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	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-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2021	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	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-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2020	3.1% - 5.3%	3.35% - 6.5%	3.00%	7.50%	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-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2013-2018

West Virginia Infrastructure and Jobs Development Council

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Note 3. Pension Plan Changes in Assumptions (Continued)

	Projected Salary Increases		Inflation	Discount		Withdrawal rates			Experience
	State	Nonstate	Rate	Rate	Mortality Rates	State	Nonstate	Disability Rates	Study
2019	3.1% - 5.3%	3.35% - 6.5%	3.00%	7.50%	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-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.00 - 35.88%	0.005 - 0.540%	2013-2018
2018	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, 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	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2017	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, 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	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2016	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, 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	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2015	3.0% - 4.6%	3.35% - 6.0%	1.90%	7.50%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2014	4.25% - 6.0%	4.25% - 6.0%	2.20%	7.50%	Healthy males - 1983 GAM; Healthy females-1971 GAM; Disabled males - 1971 GAM; Disabled females - Revenue ruling 96-7	1 - 26%	2 - 31.2%	0 - 0.8%	2004-2009

Note 4. OPEB Plan Changes in Assumptions

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

	Inflation	Salary Increases	Investment Rate of Return & Discount Rate	Mortality Rates	Healthcare Cost Trend Rates	Experience Study
2023	2.50%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.	2015-2020
2022	2.25%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then 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 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.	2015-2020
2021	2.25%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for 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; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: 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; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then 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, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.	2015-2020
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for 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; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: 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; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Trooper A and Trooper B	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.	2015-2020
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP–2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fuly generational basis for Trooper A and Trooper B); Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Employee Mortality Table projected to 2020 with Scale MP-2016 on a fully generational basis for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.	2013-2018
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP–2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fuly generational basis for Trooper A and Trooper B); Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Employee Mortality Table projected to 2020 with Scale MP-2016 on a fully generational basis for Trooper A and Trooper B	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.	2010-2015
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP–2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2000 Healthy Annuitant Mortality Table projected to 2025 with scale BB for Trooper A and Trooper B); Pre-Retirement: RP–2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2000 Non-Annuitant Mortality Table projected to 2020 with Scale BB for Trooper A and Trooper B	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.	2010-2015

BROWN EDWARDS
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 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, 2024, 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 4, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 4, 2024