



WEST VIRGINIA
Water Development Authority

FISCAL YEAR 2025 ANNUAL REPORT

The Honorable Patrick Morrisey
Governor

Marie Prezioso
Executive Director

Issued December 12, 2025





WEST VIRGINIA
Water Development Authority

Annual Report Year Ended June 30, 2025

BOARD MEMBERS

The Honorable Patrick Morrisey
Governor of West Virginia and Chair of the Board

A. Todd Johnston, 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**

TABLE OF CONTENTS

	<u>Page</u>
Mission	1
Establishment.....	1
Goals	2
Objectives	2
Responsibilities.....	3
Accomplishments	4
Programs	5
Debt Administration	5
Clean Water State Revolving Fund	6
Drinking Water Treatment Revolving Fund.....	6
West Virginia Infrastructure Fund.....	7
West Virginia Economic Enhancement Grant Fund.....	7
 Appendix A Organizational Chart	
 Appendix B Water Development Authority Financial Statements with Independent Auditor’s Report	
 Appendix C West Virginia Drinking Water Treatment Revolving Fund Financial Statements with Independent Auditor’s Report	
 Appendix D Infrastructure and Jobs Development Council Financial Statements with Independent Auditor’s Report	

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, 2025, 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, 2025, there were \$522 million in projects that were deemed technically feasible and requiring funding.
- Administer loans and grants through the execution of payments to LGA's, monitoring repayments per loan agreements, and reconciling balances with the Municipal Bond Commission in order to protect capital investments and the WDA's and State's credit ratings for its revenue bond programs.
- Secure the maximum federal funding available each year under the Clean Water State Revolving Fund (CWSRF) for wastewater projects and the Drinking Water Treatment Revolving Fund (DWTRF) for drinking water projects by providing the required 20% match.

OBJECTIVES

- Serve as a voting member on the West Virginia Infrastructure and Jobs Development Council (IJDC).
- Maximize and leverage the use of all available State, federal and local funding sources by participating in the IJDC's technical and financial review process on all proposed water and wastewater projects.
- Assist in the commitment of available CWSRF, DWTRF, West Virginia Infrastructure Fund (WVIF), and WDA dollars to cost-effective and environmentally sound projects as expeditiously as possible.
- Ensure the availability of revolving dollars to meet future needs by assisting struggling or defaulting communities to resolve underlying problems indicated by repayment activity on loans.
- Verify compliance with loan agreements by conducting financial audit reviews on selected water and wastewater loan recipients.
- Obtain funds for the WDA and WVIF through public bond offerings to finance construction/improvement of water and wastewater systems and Economic Development Projects.
- Provide accountability for funds managed through preparation of various reports, including financial statements that are audited annually.
- 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, 2025, total loans outstanding were \$127 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, 2025, which total \$195 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, 2025, which total \$466 million for water/wastewater and \$108 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

- Observing more than 50 years of service since 1974.
- Closed an additional 342 loans and grants totaling over \$751 million this year to communities for water, wastewater, and economic development projects.
- Provided servicing for 1,202 loans (local bonds of communities) outstanding as of June 30, 2025, totaling \$1,019 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 \$219 million in revenue and refunding bonds outstanding, including \$114 million in Infrastructure Revenue Bonds.

CLEAN WATER STATE REVOLVING FUND

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

As of June 30, 2025, DEP had been awarded forty-one capitalization grant awards for the CWSRF from the EPA totaling \$905 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 \$161.2 million in matching funds, of which \$144.9 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, 2025, the DWTRF Program had been awarded thirty-six capitalization grant awards from the EPA totaling \$433 million. 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 \$57.2 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 chairperson and executive representative 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, of 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, \$114 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. An additional \$5,452,164 was allocated by the Governor's office from the Coronavirus State Fiscal Recovery Fund in November 2024 for a total of \$432,452,164 as of June 30, 2025.

The Legislature passed HB2024 during the 2023 regular session appropriating \$53 million in surplus revenues. The WDA received the funds 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). During a 2024 special session House Bill 213 was passed and signed into law that appropriated an additional \$125,000,00 from supplemental appropriations (surplus revenues), for a total of \$228,000,000 as of June 30, 2025. No additional funding was allocated to the EEGF during the 2025 regular session.

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.



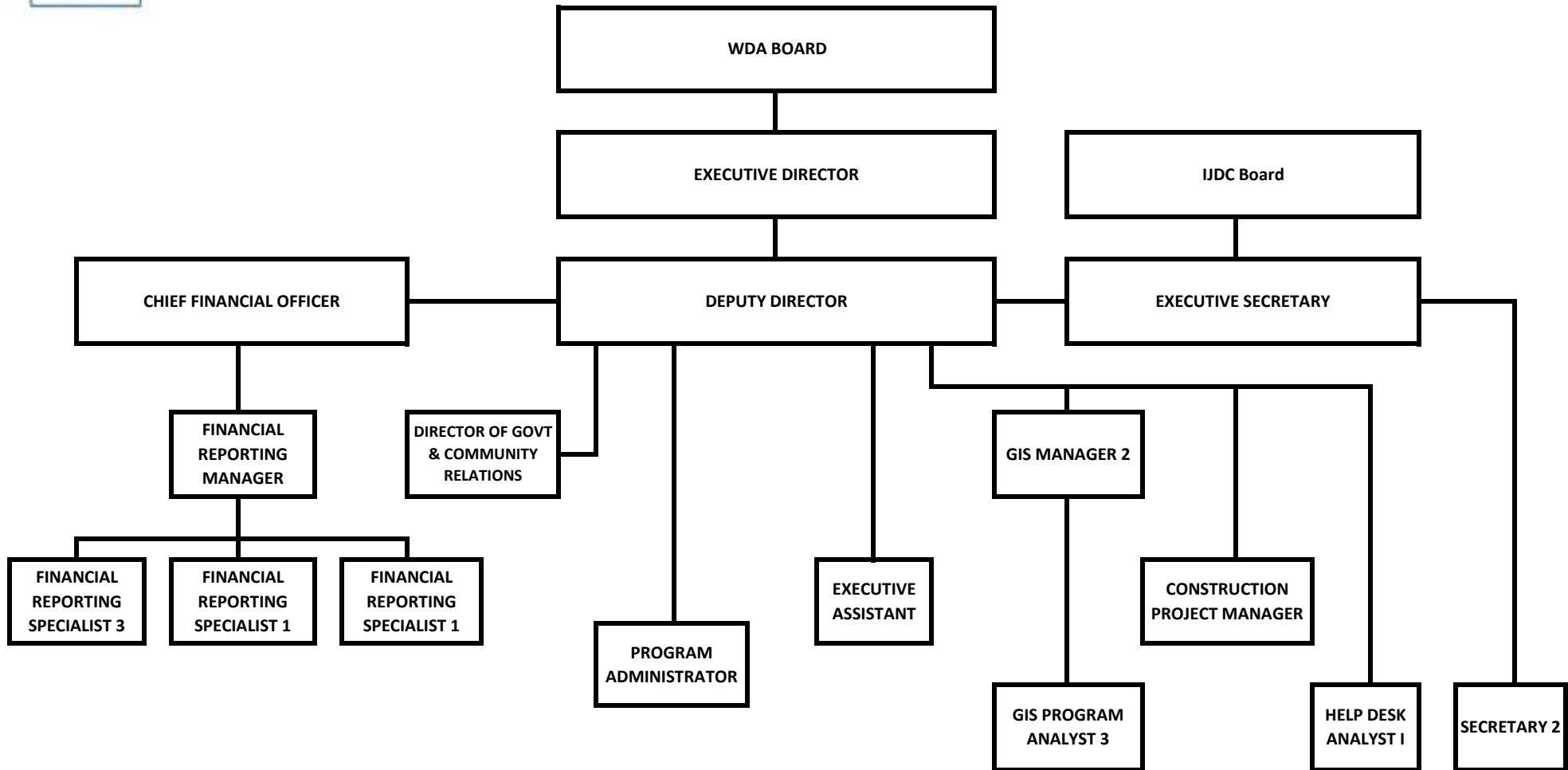
WEST VIRGINIA
Water Development Authority

APPENDIX A

ORGANIZATIONAL CHART

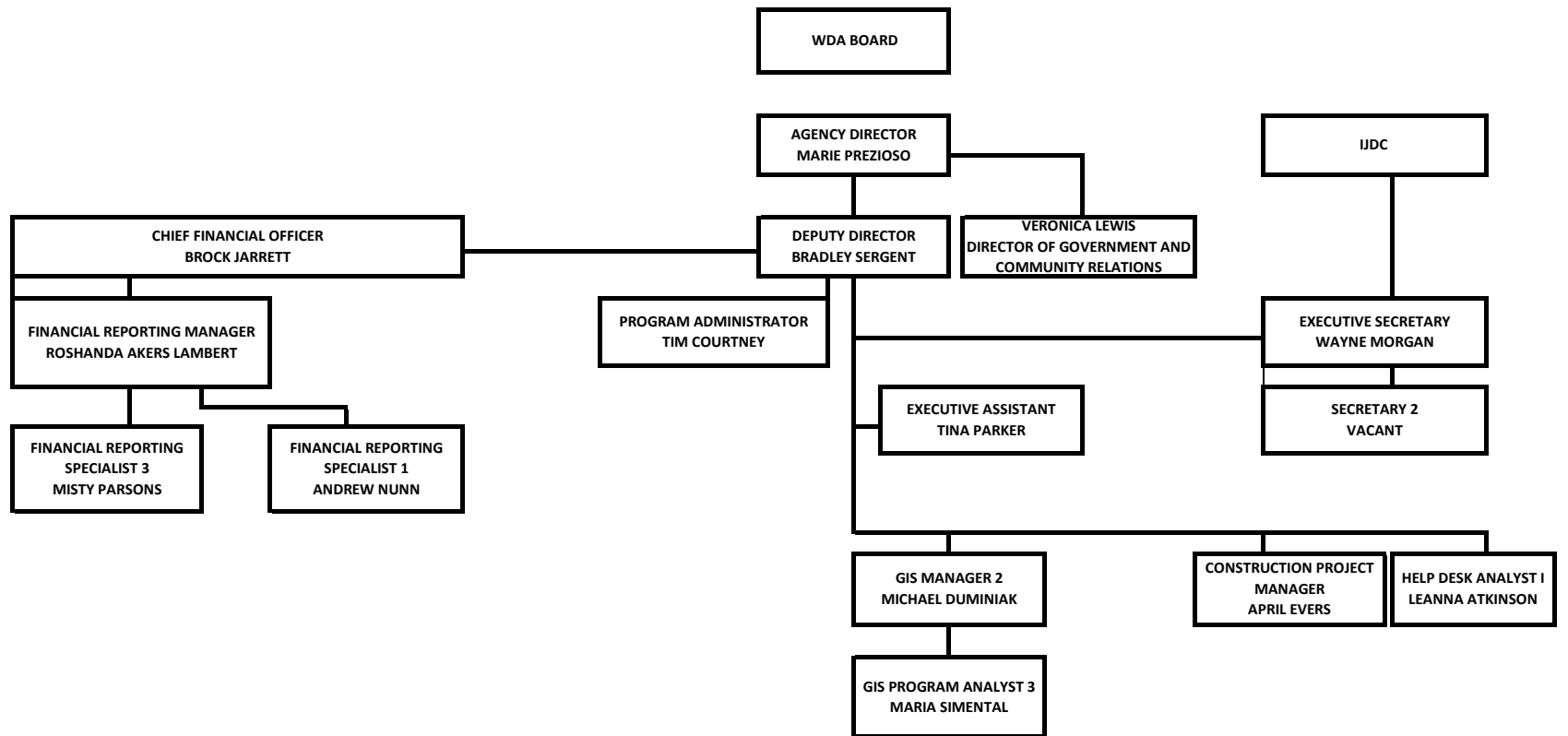


WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ORGANIZATIONAL CHART





WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ORGANIZATIONAL CHART



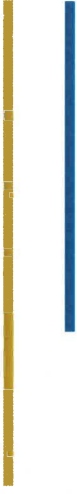


**WEST VIRGINIA
Water Development Authority**

APPENDIX B

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS
WITH INDEPENDENT
AUDITORS' REPORT



West Virginia Water Development Authority

Financial Report

June 30, 2025

West Virginia Water Development Authority

Contents

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4

Basic Financial Statements

Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	12
Statement of Cash Flows	13
Notes to Financial Statements	15

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability (Asset)	37
Schedule of Contributions to the PERS	38
Schedule of the Proportionate Share of the Net OPEB Liability (Asset)	39
Schedule of Contributions to the RHBT.....	40
Notes to Required Supplementary Information	41



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, 2025, 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, 2025, 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, S.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 1, 2025

**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, 2025, the Authority has \$178,893,000 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. An additional \$5,452,164 was allocated by the Governor's office from the Coronavirus State Fiscal Recovery Fund in November 2024 for a total of \$432,452,164 as of June 30, 2025.

(Continued)

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

INTRODUCTION (continued)

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). During a 2024 special session House Bill 213 was passed and signed into law that appropriated an additional \$125,000,00 from supplemental appropriations (surplus revenues), for a total of \$228,000,000 as of June 30, 2025. No additional funding was allocated to the EEGF during the 2025 regular session.

This discussion and analysis of the Authority's financial activities for the year ended June 30, 2025 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 decreased a total of \$19.7 million or 2.9%. Deferred outflows of resources decreased by \$586 thousand or 13.9%. There was a decrease in total liabilities of \$207.7 million or 41.9%. Deferred inflows of resources increased \$18 thousand or 3.8%. Total net position increased \$187.4 million or 102.2%. Total revenues increased by \$276.3 million or 201.6% from the previous year. This was primarily due to increases in Economic Enhancement Revenue of \$157.4 million from the prior year and \$175 million in intergovernmental for appropriation from the State Legislature for the EEGF. Total operating expenses increased by \$172.6 million or 353.1% from the prior year. This was primarily due to an increases of \$172.4 million in EEGF expenses.

THE AUTHORITY AS A WHOLE

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

(Continued)

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

Table 1
Net Position

	2025 WDA	2024 WDA	Increase (Decrease)
Assets			
Current assets	\$ 520,920,173	\$ 531,233,744	\$ (10,313,571)
Non-current assets	135,176,752	144,604,701	(9,427,949)
Total assets	\$ 656,096,925	\$ 675,838,445	\$ (19,741,520)
Deferred outflows of resources			
Deferred loss on bond refundings	\$ 3,495,064	\$ 4,116,323	\$ (621,259)
Deferred outflows of resources from OPEB amounts	4,335	8,050	(3,715)
Deferred outflows of resources from pension amounts	124,087	85,097	38,990
Total deferred outflows of resources	\$ 3,623,486	\$ 4,209,470	\$ (585,984)
Liabilities			
Current liabilities	\$ 186,642,039	\$ 383,922,717	\$ (197,280,678)
Long-term debt outstanding	101,813,578	112,248,147	(10,434,569)
Total liabilities	\$ 288,455,617	\$ 496,170,864	\$ (207,715,247)
Deferred inflows of resources			
Deferred gain on bond refundings	\$ 429,396	\$ 453,217	\$ (23,821)
Deferred inflows of resources from OPEB amounts	5,515	19,858	(14,343)
Deferred inflows of resources from pension amounts	56,309	104	56,205
Total deferred inflows of resources	\$ 491,220	\$ 473,179	\$ 18,041
Net position			
Net investment in capital assets	\$ 4,317,568	\$ 4,415,421	\$ (97,853)
Restricted by revenue bond agreements	298,159,244	115,193,683	182,965,561
Restricted for OPEB and pension	44,843	11,840	33,003
Unrestricted	68,251,919	63,782,928	4,468,991
Total net position	\$ 370,773,574	\$ 183,403,872	\$ 187,369,702

(Continued)

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

THE AUTHORITY AS A WHOLE (Continued)

Total assets decreased by \$19.7 million or 2.9%. Decrease to assets was due mainly to a decrease of cash and cash equivalents of \$8.8 million and a reduction of revenue bonds receivable in the amount of \$10.7 million.

Deferred outflow of resources decreased by \$586 thousand or 13.9% which was the result of current year amortization of losses on refundings in the amount of \$621 thousand, a decrease in deferred outflow of resources for OPEB's of \$3.7 thousand, and an increase in the deferred outflow of resources for pensions in the amount of \$39 thousand.

Total liabilities decreased by \$207.7 million or 41.9% which was primarily the result of the unearned revenue decrease in the amount of \$197.6 million and a \$9.4 million decrease in bonds payable.

Deferred inflows of resources increased by \$18 thousand or 3.8% due to a decrease in the deferred inflows of resources for OPEB of \$14 thousand, a decrease in the amortization of the deferred gain on refunding of \$23.8 thousand, offset by an increase in the deferred inflows of resources from pension of \$56.2 thousand.

Unrestricted net position increased \$4.5 million, primarily explained by an increase of \$11.9 million in cash and cash equivalents.

Restricted net position increased \$183 million, which was primarily due to a decrease in unearned revenue of \$197.6 million, offset by a decrease in restricted cash and cash equivalents of \$14.2 million.

(Continued)

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

**Table 2
Changes in Net Position**

	2025 WDA	2024 WDA	Increase (Decrease)
Revenues:			
Operating revenues:			
Charges for services	\$ 6,992,019	\$ 8,874,106	\$ (1,882,087)
Economic Enhancement Grant Fund revenue	203,008,991	45,573,134	157,435,857
Other	589,056	684,755	(95,699)
Total operating revenues	210,590,066	55,131,995	155,458,071
Nonoperating revenues:			
Interest and investment revenue, net of arbitrage	27,741,344	28,930,683	(1,189,339)
Intergovernmental	175,000,000	53,000,000	122,000,000
Total revenues	413,331,410	137,062,678	276,268,732
Expenses:			
Operating expenses	221,543,371	48,893,900	172,649,471
Nonoperating expenses:			
Interest expense	4,418,337	4,820,599	(402,262)
Total expenses	225,961,708	53,714,499	172,247,209
Change in net position	187,369,702	83,348,179	104,021,523
Beginning net position	183,403,872	100,055,693	83,348,179
Ending net position	\$ 370,773,574	\$183,403,872	\$ 187,369,702

Charges for services decreased \$1.9 million. 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 \$157.4 million due to additional funds provided for the program and increased expenditure of funds on hand.

Intergovernmental increased \$122 million primarily due to revenue received from State appropriations for the EEGF.

(Continued)

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

THE AUTHORITY AS A WHOLE (Continued)

Interest and investment revenue decreased by \$1.2 million due to lower short-term interest rates available to the Authority from period to period on increased asset balances.

Operating expenses increased by \$172.6 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 \$106,468,000 in revenue and refunding bonds outstanding versus \$115,858,000 in the prior year, a decrease of approximately 8.10%.

As of June 30, 2025, 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, 2025, 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.wwwda.org).



Financial Statements



West Virginia Water Development Authority

Statement of Net Position

June 30, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 3)	\$ 60,078,379
Receivables:	
Revenue bonds, net of unamortized discount of \$41,323 (Note 4)	11,019,135
Design loan program notes receivable (Note 5)	543,911
Interest	1,842,151
Administrative fees	2,669
Other	36,000
Due from other agencies (Note 10)	624,154
Total unrestricted current assets	<u>74,146,399</u>

Restricted current assets:

Cash and cash equivalents (Note 3)	446,770,115
Prepaid insurance	3,659
Total current assets	<u>520,920,173</u>

NONCURRENT ASSETS

Revenue bonds (Note 4)	5,549,862
Capital assets, net (Note 6)	4,317,568
Total unrestricted noncurrent assets	<u>9,867,430</u>

Restricted noncurrent assets:

Cash and cash equivalents (Note 3)	15,537,451
Revenue bonds, net of unamortized discount of \$547,070 (Note 4)	109,672,109
Net pension asset (Note 8)	44,843
Prepaid insurance	54,919
Total restricted noncurrent assets	<u>125,309,322</u>

Total assets \$ 656,096,925

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on bond refundings	\$ 3,495,064
Deferred outflows of resources from OPEB amounts (Note 9)	4,335
Deferred outflows of resources from pension amounts (Note 8)	124,087
Total deferred outflows of resources	<u><u>\$ 3,623,486</u></u>

West Virginia Water Development Authority

Statement of Net Position

June 30, 2025

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 10,419
Current portion of revenue bonds payable, including unamortized net premium of \$676,710 (Note 7)	10,450,710
Accrued interest payable	938,370
Unearned revenue	<u>175,242,540</u>

Total current liabilities 186,642,039

NONCURRENT LIABILITIES

Accrued employee benefits	117,027
Liabilities payable from restricted assets: Noncurrent portion of revenue bonds payable, including unamortized net premium of \$5,002,551 (Note 7)	<u>101,696,551</u>

Total noncurrent liabilities 101,813,578

Total liabilities \$ 288,455,617

DEFERRED INFLOWS OF RESOURCES

Deferred gain on bond refundings	\$ 429,396
Deferred inflows of resources from OPEB amounts (Note 9)	5,515
Deferred inflows of resources from pension amounts (Note 8)	<u>56,309</u>
Total deferred inflows of resources	<u><u>\$ 491,220</u></u>

NET POSITION

Restricted by revenue bond agreements	\$ 298,159,244
Restricted for pension	44,843
Unrestricted	68,251,919
Net investment in capital assets	<u>4,317,568</u>

Total net position \$ 370,773,574

West Virginia Water Development Authority

Statement of Revenues, Expenses, and Changes in Fund Net Position

Year Ended June 30, 2025

OPERATING REVENUES	
Charges for services	\$ 6,992,019
Economic Enhancement Grant Fund revenue	203,008,991
Miscellaneous	<u>589,056</u>
Total operating revenues	<u>210,590,066</u>
OPERATING EXPENSES	
Economic Enhancement Grant Fund expense	219,650,752
Depreciation and amortization	241,835
General and administrative (Note 11)	<u>1,650,784</u>
Total operating expenses	<u>221,543,371</u>
Operating loss	<u>(10,953,305)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental (Note 10)	175,000,000
Interest and investment revenue	27,741,344
Interest expense	<u>(4,418,337)</u>
Total nonoperating revenues	<u>198,323,007</u>
CHANGE IN NET POSITION	187,369,702
Total net position, beginning of year	<u>183,403,872</u>
Total net position, end of year	<u><u>\$ 370,773,574</u></u>

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

West Virginia Water Development Authority

Statement of Cash Flows

Year Ended June 30, 2025

OPERATING ACTIVITIES

Receipts of grant funds	\$ 5,452,162
Receipts of principal on bonds receivable	10,481,520
Receipts of interest on bonds receivable	7,482,564
Receipts of administrative fees on bonds receivable	588,263
Receipts of principal on design loan program notes receivable	308,073
Receipts of reimbursements from other agencies	3,492,365
Disbursements of grants	(219,686,752)
Disbursements from issuance of bonds receivable	(3,300)
Disbursements of interim design loans	(2,398)
Disbursements of general and administrative expense	(894,359)
Disbursements on behalf of employees	(804,101)
Disbursements on behalf of other agencies	(3,806,623)
Net cash used in operating activities	<u>(197,392,586)</u>

CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(140,323)</u>
-------------------------------	------------------

NONCAPITAL FINANCING ACTIVITIES

Principal paid on revenue and refunding bonds	(9,390,000)
Interest paid on revenue and refunding bonds	(4,568,057)
Appropriation for Economic Enhancement Grant Fund	175,000,000
Net cash provided by noncapital financing activities	<u>161,041,943</u>

INVESTING ACTIVITIES

Investment earnings	<u>27,679,454</u>
---------------------	-------------------

Net decrease in cash and cash equivalents	(8,811,512)
---	-------------

CASH AND CASH EQUIVALENTS, beginning	<u>531,197,457</u>
--------------------------------------	--------------------

CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 522,385,945</u></u>
-----------------------------------	------------------------------

Cash and cash equivalents consist of:

Cash and cash equivalents	\$ 60,078,379
Restricted cash and cash equivalents (current)	446,770,115
Restricted cash and cash equivalents (noncurrent)	15,537,451
	<u><u>\$ 522,385,945</u></u>

West Virginia Water Development Authority

Statement of Cash Flows

Year Ended June 30, 2025

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (10,953,305)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization expense	241,835
Changes in operating accounts:	
Due from other agencies	(314,258)
Revenue bonds receivable	10,436,896
Design loan program notes receivable	305,675
Accrued interest receivable	531,869
Administrative fees receivable	(793)
Other receivable	(36,000)
Net OPEB asset	10,462
Net pension asset	(43,465)
Deferred outflows of resources from pension and OPEB	(35,275)
Accounts payable	(25,508)
Accrued employee benefits	4,248
Unearned revenue	(197,556,829)
Deferred inflows of resources from pension and OPEB	41,862
	<hr/>
Net cash used in operating activities	<u><u>\$ (197,392,586)</u></u>

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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 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. During the 2024 West Virginia Legislative's Second Extraordinary Session, House Bill 213 was passed and signed into law by the Governor, appropriating \$125,000,000 to the Authority for the EEGF for fiscal year ending June 30, 2025. The Authority received \$5,452,162 from the Coronavirus State Fiscal Recovery Fund 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.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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, 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

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 leave benefits. A liability for leave is accrued when earned and more likely than not to be used or settled in a future period.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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, 2025, the Authority is not liable to the federal government as a result of arbitrage.

Deferred Outflows of Resources / Deferred Inflows of Resources

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

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

Pension

For purposes of measuring the net pension 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.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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 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 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 \$463,693,128 as of June 30, 2025.

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)
Corporate bonds and notes	\$ 35,000	1
Commercial paper	6,065,609	46
Negotiable certificates of deposit	1,537,010	49
Repurchase agreements	985,100	1
Money market funds	3,691	1
	<u>\$ 8,626,410</u>	41

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

Interest Rate Risk - All Other Investments

As of June 30, 2025, the Authority had the following investments outside of the BTI deposits (which include certain cash equivalents) and maturities:

Type	Maturities (in Years)			
	Carrying Value	Less than 1	1-5	6-10
Money market	\$ 51,786,348	\$ 51,786,348	\$ -	\$ -

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.

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, 2025, the Authority had a deposit and investment balance outside of BTI deposits in Dreyfus Government Cash Management money market fund, which represented 5.3% 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.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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.

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
Corporate bonds and notes	A-1+	\$ 35,000	0.40%
Commercial paper	A-1+	3,314,070	38.42
	A-1	2,751,539	31.90
Negotiable certificates of deposit	A-1+	841,000	9.75
	A-1	696,010	8.07
Money market funds	AAAm	3,691	0.04
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	846,600	9.81
U.S. agency bonds and notes	AA+	138,500	1.61
		\$ 8,626,410	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, 2025:

Security Type	Fitch	Moody's	Standard & Poor's	Carrying Value
Money market	AAAmF	Aaa-mf	AAAm	\$ 51,786,348

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

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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, 2025:

Cash on deposit with State Treasurer	<u>\$ 6,906,469</u>
--------------------------------------	---------------------

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, 2025, is as follows:

Deposits and Investments:	
Cash and cash equivalents as reported on the Statement of Net Position	\$ 60,078,379
Add: restricted cash and cash equivalents (current)	446,770,115
Add: restricted cash and cash equivalents (noncurrent)	15,537,451
Less: cash equivalents and restricted cash equivalents disclosed as investments in this Note	<u>(515,479,476)</u>
Total cash as disclosed in this Note	<u>\$ 6,906,469</u>

Note 4 – Revenue Bonds Receivable

As of June 30, 2025, the face value of revenue bonds of municipalities, public service districts and other political subdivisions purchased with proceeds from Water Development Revenue Bonds was \$119,406,032. 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, 2025 the face value of supplemental bonds was \$7,423,467.

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, 2025, 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, 2025, the cumulative total of \$8,716,040 was disbursed to local government agencies under the Design Loan program. The balance of remaining program notes receivable was \$543,911, which is presented as current assets in the statement of net position.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 526,194	\$ -	\$ -	\$ 526,194
Construction work in progress	1,450	-	1,450	-
Total capital assets not being depreciated	527,644	-	1,450	526,194
Furniture and equipment	7,297,176	141,773	-	7,438,949
Land improvements	907,404	-	-	907,404
Building	4,100,298	-	-	4,100,298
Total capital assets, being depreciated	12,304,878	141,773	-	12,446,651
Less accumulated depreciation for:				
Furniture and equipment	7,184,805	75,175	-	7,259,980
Land improvements	33,087	60,493	-	93,580
Building	1,199,209	102,508	-	1,301,717
Total accumulated depreciation	8,417,101	238,176	-	8,655,277
Total capital assets, net	<u>\$ 4,415,421</u>	<u>\$ (96,403)</u>	<u>\$ 1,450</u>	<u>\$ 4,317,568</u>

Note 7– Revenue Bonds Payable

The following is a summary of the Authority's bond transactions for the year ended June 30, 2025:

	Balance at June 30, 2024	Bonds issued	Bonds retired	Bonds refunded	Balance at June 30, 2025
Revenue bonds	\$ 110,090,000	\$ -	\$ 8,995,000	\$ -	\$ 101,095,000
Revenue bonds from direct placements	5,768,000	-	395,000	-	5,373,000
	<u>\$ 115,858,000</u>	<u>\$ -</u>	<u>\$ 9,390,000</u>	<u>\$ -</u>	<u>\$ 106,468,000</u>

Revenue and refunding bonds outstanding at June 30, 2025, were as follows:

Series	Final Maturity	Interest Rates %	Balance
2012 A-I	11/1/25	2.000-3.000	\$ 175,000
2012 B-I	11/1/26	3.000-4.500	2,845,000
2012 B-II	11/1/33	2.000-4.000	7,415,000
2012 A-III	7/1/39	3.000-4.000	10,825,000
2012 B-III	7/1/40	2.000-3.750	6,680,000
2013 A-II	11/1/29	2.000-5.000	11,605,000
2016 A-II	11/1/39	2.000-5.000	35,890,000
2018 A-IV	11/1/44	2.500-5.000	25,660,000
2018 B-IV*	11/1/35	3.500	5,373,000
			<u>\$ 106,468,000</u>

*Direct placement bonds

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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, 2025, are as follows:

Loan Program I

	Principal	Interest	Total
2026	\$ 1,570,000	\$ 87,869	\$ 1,657,869
2027	1,450,000	29,000	1,479,000
	\$ 3,020,000	\$ 116,869	\$ 3,136,869

Loan Program II

	Principal	Interest	Total
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
2030	5,425,000	1,189,225	6,614,225
	30,065,000	8,369,700	38,434,700
2031 – 2035	16,290,000	3,269,275	19,559,275
2036 – 2040	8,555,000	843,100	9,398,100
	24,845,000	4,112,375	28,957,375
	\$ 54,910,000	\$ 12,482,075	\$ 67,392,075

Loan Program III

	Principal	Interest	Total
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
2030	1,005,000	485,899	1,490,899
	4,725,000	2,749,678	7,474,678
2031 – 2035	5,570,000	1,866,344	7,436,344
2036 – 2040	6,675,000	744,094	7,419,094
2041	535,000	10,031	545,031
	12,780,000	2,620,469	15,400,469
	\$ 17,505,000	\$ 5,370,147	\$ 22,875,147

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

Loan Program IV

	Bonds		Bonds from Direct Placement		Total
	Principal	Interest	Principal	Interest	
	2026	\$ 905,000	\$ 1,119,368	\$ 409,000	
2027	815,000	1,076,369	423,000	166,337	2,480,706
2028	855,000	1,034,619	438,000	151,270	2,478,889
2029	895,000	990,869	453,000	135,677	2,474,546
2030	945,000	944,869	469,000	119,543	2,478,412
	<u>4,415,000</u>	<u>5,166,094</u>	<u>2,192,000</u>	<u>753,725</u>	<u>12,526,819</u>
2031 – 2035	5,475,000	3,948,594	2,604,000	335,020	12,362,614
2036 – 2040	7,075,000	2,400,069	577,000	10,098	10,062,167
2041 – 2045	8,695,000	810,278	-	-	9,505,278
	<u>21,245,000</u>	<u>7,158,941</u>	<u>3,181,000</u>	<u>345,118</u>	<u>31,930,059</u>
	<u>\$ 25,660,000</u>	<u>\$ 12,325,035</u>	<u>\$ 5,373,000</u>	<u>\$ 1,098,843</u>	<u>\$ 44,456,878</u>

	Revenue Bonds		Direct Placement Bonds	Total
	Total all loan programs	\$ 101,095,000	\$ 5,373,000	
Add: unamortized net premium	5,679,261	-	5,679,261	
Total all loan programs, net	106,774,261	5,373,000	112,147,261	
Less: current portion of revenue bonds payable	10,041,710	409,000	10,450,710	
Noncurrent portion of revenue bonds payable	<u>\$ 96,732,551</u>	<u>\$ 4,964,000</u>	<u>\$ 101,696,551</u>	

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, 2025, was \$9,390,000 and \$4,568,057, respectively, and principal payments and interest received on pledged notes receivable were \$10,481,520 and \$7,482,564, respectively, for the year ended June 30, 2025.

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.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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.

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% of covered payroll for each of the years ended June 30, 2025, 2024, and 2023. All members hired July 1, 2015 and later will contribute 6% of annual earnings.

During the years ended June 30, 2025, 2024, and 2023, the Authority's contributions to PERS required and made were approximately \$62,685, \$55,603, and \$47,400, respectively.

Pension Assets, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Authority reported an asset of \$44,843 for its proportionate share of the net pension asset. The net pension asset reported at June 30, 2025 was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023, rolled forward to the measurement date of June 30, 2024. 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, 2024. At June 30, 2024, the Authority's proportion was 0.027241 percent, which was a decrease of 0.003480 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Authority recognized pension expense of \$36,435. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 52,183
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	502	-
Difference in assumptions	-	4,126
Differences between expected and actual experience	60,900	-
The Authority's contributions made subsequent to the measurement date of June 30, 2024	62,685	-
Total	\$ 124,087	\$ 56,309

The amount of \$62,685 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, 2026. 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	
2026	\$ (22,381)
2027	65,290
2028	(19,182)
2029	(18,634)

Actuarial assumptions

The total pension liability in the July 1, 2023 actuarial valuation, which was used for the measurement date of June 30, 2024, was determined using the following actuarial assumptions:

Inflation	2.75 percent
Salary increases	2.75-7.37 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-2021 for active employees, 111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy males, 118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy females, 119% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021 for disabled males, and 124% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021 for disabled females, 109% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2021 for beneficiary males, and 121% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2021 for beneficiary females.

An experience study, which was based on the years 2018-2023, was used for the 2023 actuarial valuation that was rolled forward to the measurement date of June 30, 2024.

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

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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	22.5%	6.5%
International equity	22.5%	9.1%
Fixed income	15.0%	4.3%
Real estate	12.0%	5.8%
Private equity	12.0%	9.2%
Private credit	6.0%	9.8%
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 liability.

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)	\$ (228,210)	\$ 44,843	\$ 275,434

Note 9 – 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.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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.

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 co-payments. 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, 2025, 2024, and 2023, respectively, were:

	2025	2024	2023
Paygo Premium	\$ 34	\$ -	\$ 70

Contributions to the OPEB plan from the Authority were \$3,274, \$0, and \$5,940 for the years ended June 30, 2025, 2024, and 2023, 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 annual 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 annual leave days into 50% of the required retiree healthcare contribution.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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 Code). 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 earlier. Under the current policy, the OPEB plan is considered fully funded at a funded ratio, on a present value of benefits, of more than 120%. 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. The amount of special funding for the PSSP for the OPEB plan’s fiscal year 2024 was \$0 as a result of \$0 Paygo billed in fiscal year 2024.

OPEB Assets, OPEB Expense (Revenues), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Authority did not receive an allocation of the net OPEB asset and certain plan level allocable deferred inflows of resources, deferred outflows of resources, and OPEB expense, as well as related special funding amounts for the year ended June 30, 2025, because the Authority did not make any contributions to the plan due to the plan not requiring Paygo billings for the year ended June 30, 2024, which is the measurement period. As a result, the Authority’s net OPEB asset for the year ended June 30, 2025 is \$0.

The net OPEB asset reported at June 30, 2025 was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to a measurement date of June 30, 2024. 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, 2024, the Authority’s proportion was .000000 percent, which is a decrease of .006611 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Authority recognized OPEB expense of \$3,108 and for support provided by the State under special funding situations revenue of \$0. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Changes in proportion and differences between Authority's Contributions and proportionate share of contributions	\$ 1,061	\$ 5,515
The Authority's contributions made subsequent to the measurement date of June 30, 2024	3,274	-
Total	\$ 4,335	\$ 5,515

The amount of \$3,274 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2026. 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	
2026	\$ (2,938)
2027	(114)
2028	196
2029	(1,598)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to a measurement date of June 30, 2024, 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 at 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year-end 2033.
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	20-year closed period beginning June 30, 2017

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-

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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, 2023 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, 2023, reflects changes to the healthcare-related assumptions which include per capita claims costs, healthcare trend rate, coverage and continuance and 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 (CMA), 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:

	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%	7.7%

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.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

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.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset (Liability) to Changes in the Discount Rate

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

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Authority's proportionate share of the net OPEB asset (liability)	\$ -	\$ -	\$ -

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)	\$ -	\$ -	\$ -

Note 10 – Transactions with State of West Virginia Agencies

The Authority received \$175 million of appropriated transfers from the State's Department of Economic Development for the EEGF which was reported as intergovernmental revenue for the year ended June 30, 2025. The Authority received \$5,452,162 from the Coronavirus State Fiscal Recovery Fund for the EEGF which was reported as a component of unearned revenue as of June 30, 2025.

Certain agencies of the State were indebted to the Authority at June 30, 2025, in connection with services performed by the Authority on behalf of the agencies. Amounts due the Authority at June 30, 2025 are as follows:

West Virginia Infrastructure and Jobs Development Council, net	\$ 322,158
Department of Environmental Protection Clean Water State Revolving Fund	51,407
Department of Environmental Protection Drinking Water Treatment Revolving Fund	250,589
	\$ 624,154

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

Note 11 – General and Administrative Expenses

General and administrative expenses for the year ended June 30, 2025, are as follows:

Personal services	\$	741,917
Legal		228,247
Professional		179,107
Trustee		24,468
Employee benefits		40,016
Public employees insurance		96,963
Office supplies/printing		30,400
Advertising		50
Repairs and maintenance		45,262
Travel		6,513
Utilities		39,838
Telecommunications		40,182
Payroll taxes		10,370
Computer supplies/services		118,841
Janitorial		13,541
Miscellaneous		3,774
Rental		5,853
Administrative		6,245
Insurance		19,132
Training and development		65
	\$	<u>1,650,784</u>

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, 2025.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

Note 13 – New Accounting Pronouncement

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

In April 2024, The GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement improves 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 as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025. Management has not determined the effects this new GASB Statement may have on prospective financial statements.

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.

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

Note 14. Segment Information (Continued)

	Loan Program I	Loan Program II	Loan Program III
ASSETS			
Current - unrestricted	\$ 3,569,590	\$ 8,970,658	\$ 955,884
Noncurrent - unrestricted	-	-	-
Restricted - current and noncurrent	4,327,473	68,548,141	19,221,287
Capital assets, net	-	-	-
Total assets	\$ 7,897,063	\$ 77,518,799	\$ 20,177,171
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension and OPEB	\$ -	\$ -	\$ -
Deferred loss on bond refundings	328,438	2,945,552	221,074
Total deferred outflows of resources	\$ 328,438	\$ 2,945,552	\$ 221,074
LIABILITIES			
Current	\$ 1,773,714	\$ 6,770,729	\$ 1,212,682
Long-term	1,491,832	51,961,854	16,758,462
Total liabilities	\$ 3,265,546	\$ 58,732,583	\$ 17,971,144
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	\$ 3,164,079	\$ 19,531,839	\$ 2,683,899
Restricted for Pension	-	-	-
Unrestricted	1,795,876	2,199,929	(256,798)
Net investment in capital assets	-	-	-
Total net position	\$ 4,959,955	\$ 21,731,768	\$ 2,427,101
OPERATING REVENUE	\$ 331,139	\$ 4,249,578	\$ 991,103
OPERATING EXPENSES			
Depreciation and amortization	-	-	-
Economic Enhancement Grant Fund expense	-	-	-
General and administrative	-	-	-
Allocation of general and administrative	50,085	825,955	237,550
OPERATING INCOME (LOSS)	281,054	3,423,623	753,553
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental	-	-	-
Interest and investment revenue	149,458	557,632	316,347
Interest expense	(205,903)	(2,355,760)	(627,701)
Transfers (net)	(409,817)	48,614	(843,667)
Change in net position	(185,208)	1,674,109	(401,468)
Beginning net position	5,145,163	20,057,659	2,828,569
Ending net position	\$ 4,959,955	\$ 21,731,768	\$ 2,427,101
Net cash provided by (used in):			
Operating activities	\$ 1,715,065	\$ 9,070,577	\$ 671,487
Capital and related financing activities	-	-	-
Noncapital financing activities	(1,651,244)	(8,196,475)	(1,491,752)
Investing activities	150,544	560,307	318,291
Beginning cash and cash equivalents	2,215,408	9,232,459	2,800,403
Ending cash and cash equivalents	\$ 2,429,773	\$ 10,666,868	\$ 2,298,429

West Virginia Water Development Authority

Notes to Financial Statements

June 30, 2025

Note 14. Segment Information (Continued)

ASSETS	Loan Program IV	Supplemental	Total
Current - unrestricted	\$ 323,410	\$ 60,326,857	\$ 74,146,399
Noncurrent - unrestricted	-	5,549,862	5,549,862
Restricted - current and noncurrent	32,460,067	447,526,128	572,083,096
Capital assets - net	-	4,317,568	4,317,568
Total assets	\$ 32,783,477	\$ 517,720,415	\$ 656,096,925
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension and OPEB	\$ -	\$ 128,422	\$ 128,422
Deferred loss on bond refundings	-	-	3,495,064
Total deferred outflows of resources	\$ -	\$ 128,422	\$ 3,623,486
LIABILITIES			
Current	\$ 1,631,955	\$ 175,252,959	\$ 186,642,039
Long-term	31,484,403	117,027	101,813,578
Total liabilities	\$ 33,116,358	\$ 175,369,986	\$ 288,455,617
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension and OPEB	\$ -	\$ 61,824	\$ 61,824
Deferred gain on refunding	429,396	-	429,396
Total deferred inflows of resources	\$ 429,396	\$ 61,824	\$ 491,220
NET POSITION			
Restricted by revenue bond agreements	\$ 546,268	\$ 272,233,159	\$ 298,159,244
Restricted for Pension	-	44,843	44,843
Unrestricted	(1,308,545)	65,821,457	68,251,919
Net investment in capital assets	-	4,317,568	4,317,568
Total net position	\$ (762,277)	\$ 342,417,027	\$ 370,773,574
OPERATING REVENUE			
	\$ 2,124,180	\$ 202,894,066	\$ 210,590,066
OPERATING EXPENSES			
Depreciation and amortization	3,659	238,176	241,835
Economic Enhancement Grant Fund expense	-	219,650,752	219,650,752
General and administrative	-	1,650,784	1,650,784
Allocation of general and administrative	435,560	(1,549,150)	-
OPERATING INCOME (LOSS)	1,684,961	(17,096,496)	(10,953,305)
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental	-	175,000,000	175,000,000
Interest and investment revenue	12,418	26,705,489	27,741,344
Interest expense	(1,228,973)	-	(4,418,337)
Transfers (net)	(217,852)	1,422,722	-
Change in net position	250,554	186,031,715	187,369,702
Beginning net position	(1,012,831)	156,385,312	183,403,872
Ending net position	\$ (762,277)	\$ 342,417,027	\$ 370,773,574
Net cash provided by (used in):			
Operating activities	\$ 2,810,135	\$ (211,659,850)	\$ (197,392,586)
Capital and related financing activities	-	(140,323)	(140,323)
Noncapital financing activities	(2,618,586)	175,000,000	161,041,943
Investing activities	11,731	26,638,581	27,679,454
Beginning cash and cash equivalents	63,892	516,885,295	531,197,457
Ending cash and cash equivalents	\$ 267,172	\$ 506,723,703	\$ 522,385,945



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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion (percentage) of the net pension liability (asset)	0.027241%	0.030721%	0.027966%	0.028965%	0.031969%	0.038807%	0.034590%	0.038057%	0.039702%	0.043182%
Authority's proportionate share of the net pension liability (asset)	\$ (44,843)	\$ (1,378)	\$ 41,647	\$ (254,297)	\$ 169,001	\$ 83,440	\$ 89,328	\$ 164,270	\$ 364,905	\$ 241,080
Authority's covered payroll	\$ 617,811	\$ 526,667	\$ 518,231	\$ 494,467	\$ 497,894	\$ 567,261	\$ 530,152	\$ 530,764	\$ 553,481	\$ 587,420
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(7.258%)	(0.262%)	8.036%	(51.429%)	33.945%	14.710%	16.850%	30.950%	65.929%	41.040%
Plan fiduciary net position as a percentage of the total pension liability	101.85%	100.05%	98.17%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 62,685	\$ 55,603	\$ 47,400	\$ 50,356	\$ 48,347	\$ 49,789	\$ 56,511	\$ 57,366	\$ 63,388	\$ 74,720
Contributions in relation to the statutorily required contribution	\$ (62,685)	\$ (55,603)	\$ (47,400)	\$ (50,356)	\$ (48,347)	\$ (49,789)	\$ (56,511)	\$ (57,366)	\$ (63,388)	\$ (74,720)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 696,500	\$ 617,811	\$ 526,667	\$ 518,231	\$ 494,467	\$ 497,894	\$ 567,261	\$ 530,152	\$ 530,764	\$ 553,481
Contributions as a percentage of covered payroll	9.00%	9.00%	9.00%	9.72%	9.78%	10.00%	9.96%	11.00%	12.00%	13.50%

West Virginia Water Development Authority

Schedule of the Proportionate Share of the Net OPEB Liability (Asset)

Retiree Health Benefit Trust

	Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018		
Authority's proportion (percentage) of the net OPEB liability (asset)	0.00000000%	0.0066110%	0.0071790%	0.0065110%	0.0079146%	0.0098955%	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	\$ 201,275	\$ 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	0.0000%	(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	102.19%	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.

West Virginia Water Development Authority

Schedule of Contributions to the RHBT

	Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 3,274	\$ -	\$ 5,940	\$ 8,481	\$ 16,277	\$ 15,258	\$ 17,733	\$ 17,523	\$ 8,604	\$ 19,152
Contributions in relation to the statutorily required contribution	\$ 3,274	\$ -	\$ (5,940)	\$ (8,481)	\$ (16,277)	\$ (15,258)	\$ (17,733)	\$ (17,523)	\$ (8,604)	\$ (19,152)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered employee payroll	\$ 238,252	\$ 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	1.37%	0.00%	3.12%	4.83%	12.34%	14.54%	13.45%	15.65%	4.02%	7.73%

West Virginia Water Development Authority

Notes to Required Supplementary Information

June 30, 2025

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.

West Virginia Water Development Authority

Notes to Required Supplementary Information

June 30, 2025

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		Inflation Rate	Discount Rate	Mortality Rates	Withdrawal rates			Experience Study
	State	Nonstate				State	Nonstate	Disability Rates	
2024	2.75% - 6.86%	3.57% - 7.37%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2021; Retired healthy males-111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021; Retired healthy females-118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021; Disabled males-119% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021; Disabled females-124% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021; Beneficiary males-109% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2021; Beneficiary females-121% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2021	2.28 - 45.63%	3.25 - 31.63%	0.004 - 0.250%	2018-2023
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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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

West Virginia Water Development Authority

Notes to Required Supplementary Information June 30, 2025

Note 3 - Pension Plan Changes in Assumptions (Continued)

	Projected Salary Increases		Rate	Rate	Mortality Rates	Withdrawal rates		Disability Rates	Study
	State	Nonstate				State	Nonstate		
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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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
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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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

West Virginia Water Development Authority

**Notes to Required Supplementary Information
June 30, 2025**

Note 3 - Pension Plan Changes in Assumptions (Continued)

	Projected Salary Increases		Rate	Rate	Mortality Rates	Withdrawal rates		Disability Rates	Study
	State	Nonstate				State	Nonstate		
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

West Virginia Water Development Authority

Notes to Required Supplementary Information June 30, 2025

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
2024	2.50%	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	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 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; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.	2015-2020
2023	2.50%	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	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 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; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	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.	2015-2020
2022	2.25%	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	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 and 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 fully 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

West Virginia Water Development Authority

Notes to Required Supplementary Information

June 30, 2025

Note 4 - OPEB Plan Changes in Assumptions (Continued)

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return & Discount Rate</u>	<u>Mortality Rates</u>	<u>Healthcare Cost Trend Rates</u>	<u>Experience Study</u>
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 fully 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

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, 2025

West Virginia Drinking Water Treatment Revolving Fund

Contents

Independent Auditor's Report.....	1
Management's Discussion and Analysis (Unaudited).....	4

Financial Statements

Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	9
Statement of Cash Flows	10
Notes to Financial Statements	11

Accompanying Information

Schedules of Administrative Fees Activity	17
Form 8 Investments Disclosure	18
Form 8A Deposits and Investments Reconciliation.....	19
Form 15 Transfers In/Out	20



Independent Auditor's Report

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

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, 2025, 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, 2025, 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 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 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 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. Such accompanying information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Charleston, West Virginia
October 1, 2025

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, 2025. 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—principle forgiveness, was incurred due to the provisions of the EPA principal forgiveness loans. Total principal forgiveness loans disbursed during the fiscal year totaled \$9,060,396. 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 \$33,617,243 or 13.3%. This is largely due to an increase in the investment of funds available for projects and an increase in loans receivable. The Fund's liabilities increased by \$1,289,688 due to an increased total of State Match funds received in June for FY2026 as a deferred revenue. The Fund's net position increased by \$32,327,555 or 13.1%.
- The Fund's revenues decreased by \$687,252 or approximately 13.2%. This is primarily due to a decrease in investment earnings of \$778,620 or 24.2%.
- Capital grant and contribution awards from the EPA and the State of West Virginia (the "State") continue to provide the necessary resources to the Fund to carry out its mission. Federal and state awards for the Fund are described in footnote 5 in the accompanying financial statements. Capital grants and contributions received from the EPA and the State increased by \$17,190,383 from the prior year.
- Forty-seven (47) new loans were closed during the current year. Also, there are twenty-nine (29) additional loans that are still under construction that were closed in prior years, thirteen (13) 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 \$33,617,243 or 13.3%. The Fund has \$7,465,662 in liabilities as of the current fiscal year which is an increase of 20.9% from the year ended June 30, 2024. 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.

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
(Unaudited)

Table 1
Statement of Net Position

	2025	2024
Assets		
Current assets	\$ 101,592,616	\$ 88,022,499
Loans receivable, less current maturities, net	184,274,841	164,227,715
Total assets	285,867,457	252,250,214
Liabilities		
Current liabilities	7,465,662	6,175,974
Net position		
Restricted	\$ 278,401,795	\$ 246,074,240

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

	2025	2024
Revenues:		
Operating revenues:		
Administrative fees	\$ 772,923	\$ 771,793
Interest on loans	1,297,351	1,207,113
Total operating revenues	2,070,274	1,978,906
Investment earnings	2,440,650	3,219,270
Total revenues	4,510,924	5,198,176
Operating expenses	(10,129,668)	(6,711,929)
Loss before capital grants and contributions	(5,618,744)	(1,513,753)
Capital grants and contributions	37,946,299	20,755,916
Increase in net position	\$ 32,327,555	\$ 19,242,163

(Continued)

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) (Unaudited)

THE FUND AS A WHOLE (Continued)

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 \$5,529,200 made the previous fiscal year. \$45,316,038, was received from the EPA in the current year, including \$17,662,886 of grants receivable from June 30, 2024. Grants receivable of \$4,763,877 were due from the EPA as of June 30, 2025. Total disbursements of EPA funds for the year ended June 30, 2025 were \$32,417,029. Of these payments, \$6,538,410 were principal-forgiveness loans. All of the \$5,529,200 received from the State in matching funds were disbursed. In addition, \$11,239,514 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 and unearned matching revenue from the West Virginia Infrastructure of Jobs Development Council.

Capital grant income from the EPA is recognized after the Fund has reviewed and approved supporting invoices for disbursements of loan proceeds to local governmental agencies and the federal portion of those disbursements has been received by the Fund. Capital grant income from the EPA increased \$14,754,283 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 decreased \$394,287 from prior year. Forty-seven (47) loans closed during the current year, totaling \$170,602,968. Four (4) loans closed in the first quarter, forty-one (41) in the second quarter, and two (2) closed in the fourth quarter.

Total revenues, including operating revenues and investment earnings equaled \$4,510,924. This was a decrease of 687,252 from prior year. This was attributed primarily to a decrease in investment earnings of \$778,620 from the prior year.

The forty-seven loans that closed in the current year totaled \$170,602,968. The amounts disbursed for these loans totaled \$26,796,368 of which \$21,428,243 represented federal funds, including \$2,484,237 of those funds having principal forgiveness features, \$3,330,336 representing State match, including \$457,580 of those funds having principal forgiveness features, and \$2,037,789 from the proceeds from loan repayment, with \$782,346 of those having principal forgiveness features. The amount disbursed during the current year for loans closed in prior years totaled \$13,794,227 of which \$10,988,796 represented federal funds, including \$4,054,173 of those funds having principal forgiveness features, \$2,296,580 represented State match, including \$915,352 of those funds having principal forgiveness features, and \$508,851 represented proceeds from loan repayment, including \$366,707 of those having principal forgiveness features. The sum of all disbursements for the years ended June 30, 2025 and 2024 was \$40,590,545 and \$20,873,115 respectively.

(Continued)

WEST VIRGINIA DRINKING WATER TREATMENT REVOLVING FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) (Unaudited)

COMMITMENTS AND PENDING APPLICATION FOR EPA GRANT

As of June 30, 2025, the Fund had outstanding binding commitments to loan to qualified recipients of \$15,072,353 and a \$37,707,719 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, 2025 the Fund has \$85,193,657 in cash equivalents available for these projects. Additionally, the Fund has \$32,268 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 2025 grant period and is currently awaiting approval of an award in the amount of \$35,833,000. The \$7,166,600 State match has been committed to the Fund (and already received) in order to secure the federal funds. The total of \$42,999,600 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 2024 EPA Capitalization Grant awarded for fiscal year 2025 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).



Financial Statements



West Virginia Drinking Water Treatment Revolving Fund

Statement of Net Position

June 30, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 3)	\$ 85,225,925
Administrative fees receivable	64,800
Accrued interest receivable	108,858
Current maturities of loans receivable (Note 4)	11,429,156
Grants receivable	<u>4,763,877</u>
Total current assets	101,592,616

LOANS RECEIVABLE, less current maturities (Note 4) 184,274,841

Total assets \$ 285,867,457

LIABILITIES

CURRENT LIABILITIES

Accounts payable, related party (Note 8)	\$ 299,062
Unearned revenue	<u>7,166,600</u>
Total current liabilities	<u><u>\$ 7,465,662</u></u>

NET POSITION

Net position, restricted \$ 278,401,795

West Virginia Drinking Water Treatment Revolving Fund

Statement of Revenues, Expenses, and Changes in Fund Net Position

Year Ended June 30, 2025

OPERATING REVENUES	
Administrative fees	\$ 772,923
Interest on loans	1,297,351
	<u>2,070,274</u>
OPERATING EXPENSE	
Administrative expense	1,069,272
Grant expense - principal forgiveness	9,060,396
	<u>10,129,668</u>
Operating loss	(8,059,394)
NONOPERATING REVENUES	
Investment income	<u>2,440,650</u>
Loss before capital grants and contributions	<u>(5,618,744)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	
U.S. Environmental Protection Agency (Note 5)	32,417,099
State of West Virginia, Infrastructure and Jobs Development Council (Note 5)	5,529,200
	<u>37,946,299</u>
Increase in net position	32,327,555
NET POSITION, beginning	<u>246,074,240</u>
NET POSITION, ending	<u><u>\$ 278,401,795</u></u>

West Virginia Drinking Water Treatment Revolving Fund

Statement of Cash Flows

Year Ended June 30, 2025

OPERATING ACTIVITIES

Cash payments for:	
Loans originated	\$ (40,590,595)
Administrative expenses	(1,416,984)
Cash receipts from:	
Principal repayments	9,026,233
Administrative fees	772,153
Interest on loans	1,291,098
Net cash and cash equivalents used in operating activities	<u>(30,918,095)</u>

CAPITAL AND FINANCING ACTIVITIES

Capital grants and contributions received:	
U.S. Environmental Protection Agency	45,316,038
State of West Virginia, Infrastructure and Jobs Development Council	7,166,600
Net cash and cash equivalents provided by capital and related financing activities	<u>52,482,638</u>

INVESTING ACTIVITIES

Investment income	<u>2,440,650</u>
Net increase in cash and cash equivalents	24,005,193

CASH AND CASH EQUIVALENTS, beginning 61,220,732

CASH AND CASH EQUIVALENTS, ending \$ 85,225,925

Reconciliation of operating income to net cash and cash equivalents used in operating activities:

Operating loss	\$ (8,059,394)
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:	
Increase in loans receivable	(22,503,966)
Increase in administrative fees receivable	(770)
Increase in accrued interest receivable	(6,253)
Decrease in accounts payable	<u>(347,712)</u>
Net cash and cash equivalents used in operating activities	<u><u>\$ (30,918,095)</u></u>

SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES

Current year principal forgiveness	<u><u>\$ 9,060,396</u></u>
------------------------------------	----------------------------

West Virginia Drinking Water Treatment Revolving Fund

Notes to Financial Statements

June 30, 2025

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 for certain grants in order to qualify for funding. As of June 30, 2025, Congress has authorized the EPA to award \$464,320,858 in capitalization grants to the State, of which \$372,500,381 is allocated to the Fund. The State is required to contribute \$57,244,857 in matching funds to the Fund, which are provided through the West Virginia Infrastructure and Jobs Development Council. The 2025 Capitalization Grant State Match of \$7,166,600 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.

West Virginia Drinking Water Treatment Revolving Fund

Notes to Financial Statements

June 30, 2025

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, 2025, 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 principal 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.

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.

West Virginia Drinking Water Treatment Revolving Fund

Notes to Financial Statements

June 30, 2025

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 include balances invested in the BTI of \$85,225,925 at June 30, 2025.

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 (in thousands):

Security Type	Rating	Carrying Value (in Thousands)	Percent of Pool Assets
Corporate bonds and notes	A-1+	\$ 35,000	0.40%
Commercial paper	A-1+	3,314,070	38.42
	A-1	2,751,539	31.90
Negotiable certificates of deposit	A-1+	841,000	9.75
	A-1	696,010	8.07
Money market funds	AAAM	3,691	0.04
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	846,600	9.81
U.S. agency bonds and notes	AA+	138,500	1.61
		\$ 8,626,410	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.

West Virginia Drinking Water Treatment Revolving Fund

Notes to Financial Statements

June 30, 2025

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:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Corporate bonds and notes	\$ 35,000	1
Commercial paper	6,065,609	46
Negotiable certificates of deposit	1,537,010	49
Repurchase agreements	985,100	1
Money market funds	3,691	1
	\$ 8,626,410	41

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, 2025, loans receivable consisted of loans to local government agencies (LGA's) or other eligible water providers for qualifying projects which comply with the Act. The Fund issued \$9,060,396 in loans whose principal was forgiven during the year ended June 30, 2025, in accordance with funding covenants provided by the EPA. During the year, the Fund disbursed \$31,530,199 of loans which are required to be repaid in accordance with the loan agreements.

Loans mature at various intervals through June 2065. The scheduled principal payments in future years are as follows at June 30:

2026	\$ 11,429,156
2027	14,437,950
2028	14,898,680
2029	14,929,527
2030	15,187,700
Thereafter	286,061,280
	356,944,293
Less loans closed but not disbursed	161,240,296
Less current maturities	11,429,156
Total loans receivable, net of current maturities	\$ 184,274,841

West Virginia Drinking Water Treatment Revolving Fund

Notes to Financial Statements

June 30, 2025

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, 2025, the cumulative amounts awarded to the Fund from the EPA and the contributed matching funds from the State were as follows:

<u>Effective Award Date</u>	<u>EPA Grant</u>	<u>State Match</u>
9/11/1998	\$ 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
11/18/2024	84,315,872	5,529,200
	<u>\$ 372,500,381</u>	<u>\$ 57,244,857</u>

* Funds did not require a state match.

The following represents the amounts of EPA grants and State matching funds received (cash basis) by the Fund through June 30, 2025:

<u>Cumulative Through</u>	<u>Federal</u>	<u>State</u>	<u>Total Capital Grants and Contributions</u>
June 30, 2025	<u>\$ 245,712,973</u>	<u>\$ 64,391,657</u>	<u>\$ 310,104,630</u>

West Virginia Drinking Water Treatment Revolving Fund

Notes to Financial Statements

June 30, 2025

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, 2025, the Fund had five outstanding binding commitments totaling \$15,072,353.

The Fund has awarded loans not yet disbursed of \$161,240,296 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, 2025.

Note 8 – Transactions with State of West Virginia Agencies

The Authority and the WV DEP pay for and are reimbursed for certain administrative expenses (including salaries and legal expenses) on behalf of the Fund. During the year ended June 30, 2025, the Fund incurred and recognized \$1,018,954 and \$50,318 in administrative expenses that were paid by the Authority and the WV DEP, respectively. As of June 30, 2025, \$248,744 and \$50,318 remain payable to the Authority and the WV DEP, respectively.

Note 9 – New Accounting Pronouncement

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

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement improves 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 as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025. Management has not determined the effects this new GASB Statement may have on prospective financial statements.



Accompanying Information



West Virginia Drinking Water Treatment Revolving Fund

Schedules of Administrative Fees Activity

As of and for the year ended June 30, 2025

SCHEDULE OF ADMINISTRATIVE FEES, ASSETS, LIABILITIES, AND FUND NET POSITION

ASSETS

Cash and cash equivalents	\$ 10,415,843
Administrative fees receivable	64,800
Total assets	<u>\$ 10,480,643</u>

LIABILITIES

Accounts payable, related party	<u>\$ 299,062</u>
---------------------------------	-------------------

RESTRICTED FUND NET POSITION

\$ 10,181,581

SCHEDULE OF ADMINISTRATIVE FEES, REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

REVENUES

Administrative fees	\$ 772,923
Interest on investments	499,427
Total revenues	<u>1,272,350</u>

EXPENSES

Administrative expense	<u>1,069,272</u>
Net increase in fund net position (net income)	203,078

RESTRICTED FUND NET POSITION - ADMINISTRATIVE FEES, beginning

9,978,503

RESTRICTED FUND NET POSITION - ADMINISTRATIVE FEES, ending

\$ 10,181,581

SCHEDULE OF CASH FLOWS

NET INCOME \$ 203,078

Adjustments to reconcile net income to net cash used
in administrative fees activity:

Increase in administrative fees receivable (770)

Decrease in accounts payable, related party (347,712)

NET CASH USED IN ADMINISTRATIVE FEES ACTIVITY (145,404)

CASH AND CASH EQUIVALENTS, beginning 10,561,247

CASH AND CASH EQUIVALENTS, ending \$ 10,415,843

Audited Agency: West Virginia Drinking Water Treatment Revolving Fund - June 30, 2025

Per GASB Statement 40 the Agency must disclose its investment policy. The investment policy must be formally adopted through legal or contractual provisions. Disclosure of any statutory policies are also required. Please provide in the space below the Agency's investment policy.
See Note 3 to the financial statements.

Investments with Investment Mgmt Board (IMB) State & Local Govt Securities As of 6/30/25 Investment Earnings not Posted to wvOASIS Per Opening Balance Report Investment Earnings not Posted to wvOASIS As of 6/30/25	Reported Amount Unrestricted	Reported Amount Restricted	Fair Value Measurement's Using			Total Reported Value	Credit Ratings		Interest Rate Risk - Segmented Time Distribution Investment Maturities (in years)				Foreign Currency Risk Maturity	Fair Value	
			Level 1	Level 2	Level 3		Fair Value	Cost	Standard & Poor's	Moody's	Less than 1	1 - 5			6 - 10
Outside Investments:															
Repurchase Agreements															
State & Local Govt Securities															
U.S. Govt Agencies															
Corporate Bonds															
Commercial Paper															
Money Market / Mutual Funds															
Other Investments															
Total Outside Investments at Cost		251,254													
Investments by Fair Value Level															
Debt Securities															
Commercial securities															
Commercial mortgage-backed securities															
Collateralized debt obligations															
Residential mortgage-backed securities															
Total Debt Securities															
Equity Securities															
Other															
Total Equity Securities															
Venture Capital Investments															
Direct venture capital															
Other															
Total Venture Capital Investments															
Private Equity Funds - International															
Total Private Equity Funds - International															
Total Investments by Fair Value															
Investments Measured at the Net Asset Value (NAV)															
Event-driven hedge funds															
Global opportunities hedge funds															
Multi-strategy hedge funds															
Total Investments Measured at the NAV															
Investments Derivative Instruments															
Interest Rate Swaps															
Foreign exchange contracts (liabilities)															
Total Investment Derivative Instruments															
Total Investment		86,225,925				86,225,925									

**** MUST COMPLETE THE BELOW INFORMATION IF REPURCHASE AGREEMENTS WERE IDENTIFIED ABOVE:

Collateral Description On The Repurchase Agreements	Fair Market Value of Collateral	Credit Rating Moody's	S&P

Valuation Techniques in fair value determination:

PLEASE SEND COMPLETED FORMS TO:

State of West Virginia
Financial Accounting and Reporting Section
2101 Washington Street East
Building 17, 3rd Floor
Charleston, WV 25305

GAAP REPORTING FORM - DEPOSITS AND INVESTMENTS RECONCILIATION

Audited Agency West Virginia Drinking Water Treatment Revolving Fund - June 30, 2025

Reconciliation of cash, cash equivalents, and investments as reported in the financial statements to the amounts disclosed in the footnote:

Deposits:	
Cash and cash equivalents as reported on balance sheet	\$85,225,925
Less: cash equivalents disclosed as investments	(85,225,925)
Add: restricted cash and cash equivalents disclosed as deposits	_____
Other (describe) _____	_____
_____	_____
_____	_____
Carrying amount of deposits as disclosed on Form 7	\$ -
Investments:	
Investments as reported on balance sheet	\$ -
Add: restricted investments disclosed as investments	85,225,925
Add: cash equivalents disclosed as investments	_____
Other (describe) _____	_____
_____	_____
_____	_____
Reported amount of investments as disclosed on Form 8	\$ 85,225,925

PLEASE SEND COMPLETED FORMS TO:

**State of West Virginia
 Financial Accounting and Reporting Section
 2101 Washington Street East
 Building 17, 3rd Floor
 Charleston, WV 25305**

Telephone Number: 304-558-4083
Fax Number: 304-558-4084



WEST VIRGINIA
Water Development Authority

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, 2025

West Virginia Infrastructure and Jobs Development Council

Contents

Independent Auditor’s Report	1
Management’s Discussion and Analysis.....	4

Financial Statements

Statement of Net Position	11
Statement of Activities	12
Balance Sheet - Governmental Fund.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	14
Statement of Net Position - Proprietary Fund	15
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	16
Statement of Cash Flows - Proprietary Fund	17
Notes to Financial Statements	18

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability (Asset)	40
Schedule of Contributions to the PERS	41
Schedule of the Proportionate Share of the Net OPEB Liability (Asset)	42
Schedule of Contributions to the RHBT.....	43
Notes to Required Supplementary Information	44
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 <i>Government Auditing Standards</i>	50



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, 2025, 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, 2025, 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.



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 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 1, 2025, 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 1, 2025

**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, 2025. Please read it in conjunction with the Council's financial statements, which begin on page 11.

USING THIS REPORT

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

FINANCIAL HIGHLIGHTS

Business Type Activities:

- Total assets decreased \$804 thousand from \$859.6 million to \$858.8 million
- Deferred outflows of resources decreased \$1.7 thousand from \$588 thousand to \$586 thousand
- Total liabilities decreased \$14.9 million from \$138.9 million to \$124.0 million
- Deferred inflows of resources increased \$4.7 million from the previous year
- Net position increased \$9.3 million from \$721.3 million to \$730.6 million

Governmental Activities:

- Total assets increased \$165 thousand from the previous year
- Deferred outflows of resources decreased \$659 thousand
- Total liabilities decreased \$21.4 million
- Deficiency in net position decreased by \$20.9 million

Government Wide:

- Total assets decreased \$639 thousand from \$859.9 million to \$859.3 million
- Deferred outflows of resources decreased \$661 thousand from \$2.1 million to \$1.5 million
- Total liabilities decreased \$36.3 million from \$204.9 million to \$168.6 million
- Deferred inflows of resources increased \$4.7 million from the prior year
- Net position increased by \$30 million from \$657 million to \$687 million

Other Highlights:

- 12 water and wastewater loans were closed for the year ended June 30, 2025, on behalf of the Council. There were no economic development loans closed during the year.
- 99 water and wastewater grants and 2 economic development grants were closed for the year ended June 30, 2025, on behalf of the Council.

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

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			
	2025 Business Type Activities	2025 Governmental Type Activities	2024 Business Type Activities	2024 Governmental Type Activities
ASSETS				
Cash equivalents	\$ 204,198,314	\$ 444,893	\$ 194,549,460	\$ 279,314
Investments, restricted	120,958,989	-	114,485,664	-
Loans receivable, net, restricted	531,996,965	-	549,090,456	-
Other	1,656,642	-	1,489,083	-
Total assets	<u>\$ 858,810,910</u>	<u>\$ 444,893</u>	<u>\$ 859,614,663</u>	<u>\$ 279,314</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources from pensions	\$ 98,497	\$ -	\$ 56,939	\$ -
Deferred outflows of resources from OPEB	1,853	-	4,019	-
Losses on bond refundings	485,907	880,487	526,966	1,539,478
Total deferred outflows of resources	<u>\$ 586,257</u>	<u>\$ 880,487</u>	<u>\$ 587,924</u>	<u>\$ 1,539,478</u>
LIABILITIES				
Bond payable, net	\$ 121,607,253	\$ 44,418,402	\$ 136,479,630	\$ 65,749,693
Other	2,434,362	175,125	2,426,288	243,267
Total liabilities	<u>\$ 124,041,615</u>	<u>\$ 44,593,527</u>	<u>\$ 138,905,918</u>	<u>\$ 65,992,960</u>
DEFERRED INFLOWS OF RESOURCES				
Gains on bond refundings	\$ 4,653,830	\$ -	\$ -	\$ -
Deferred inflows of resources from pensions	54,974	-	80	-
Deferred inflows of resources from OPEB	1,375	-	9,914	-
Total deferred inflows of resources	<u>\$ 4,710,179</u>	<u>\$ -</u>	<u>\$ 9,994</u>	<u>\$ -</u>
NET POSITION				
Restricted for bond indentures and enabling legislation	\$ 723,840,903	\$ 444,893	\$ 703,155,234	\$ 279,314
Restricted for OPEB and pension	43,780	-	6,287	-
Unrestricted (deficit)	6,760,690	(43,713,040)	18,125,154	(64,453,482)
Total net position	<u>\$ 730,645,373</u>	<u>\$ (43,268,147)</u>	<u>\$ 721,286,675</u>	<u>\$ (64,174,168)</u>

(Continued)

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

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE (Continued)

**Table 2
Changes in Net Position**

	2025 Business Type Activities	2025 Governmental Type Activities	2024 Business Type Activities	2024 Governmental Type Activities
Revenues				
Program revenues				
Charges for services	\$ 4,542,589	\$ -	\$ 4,564,581	\$ -
General revenues				
Miscellaneous revenues	25	-	(4,670)	-
Intergovernmental	46,000,000	22,210,175	46,000,000	22,201,225
Investment earnings	15,502,593	165,579	15,292,565	114,267
Total general revenues	<u>61,502,618</u>	<u>22,375,754</u>	<u>61,287,895</u>	<u>22,315,492</u>
Total revenues	66,045,207	22,375,754	65,852,476	22,315,492
Expenses				
General & administrative	1,527,499	-	1,552,559	-
Interest on long-term debt	3,339,295	1,469,733	5,025,867	2,364,365
Bond issuance costs	406,613	-	-	-
Infrastructure & economic development	47,287,855	-	47,923,699	-
Loss on uncollectible loans	<u>4,125,247</u>	<u>-</u>	<u>3,376,151</u>	<u>-</u>
Total expenses	<u>56,686,509</u>	<u>1,469,733</u>	<u>57,878,276</u>	<u>2,364,365</u>
Changes in net position	<u>9,358,698</u>	<u>20,906,021</u>	<u>7,974,200</u>	<u>19,951,127</u>
Beginning net position (deficit)	<u>721,286,675</u>	<u>(64,174,168)</u>	<u>713,312,475</u>	<u>(84,125,295)</u>
Ending net position (deficit)	<u><u>\$730,645,373</u></u>	<u><u>(\$43,268,147)</u></u>	<u><u>\$721,286,675</u></u>	<u><u>(\$64,174,168)</u></u>

(Continued)

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

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, increased \$9.8 million from \$194.8 million to \$204.6 million.

Investments increased \$6.5 million due to increase in investment earnings.

Loans receivable decreased \$17 million. This decrease was offset by reductions to bonds payable of \$36.2 million.

Deferred outflows of resources had a decrease of \$661 thousand. This was due to a decrease of \$700 thousand in losses on bond refundings, a increase of \$42 thousand of deferred outflows for pensions, and a \$2 thousand decrease in deferred outflows for OPEB.

Total liabilities decreased \$36.3 million primarily due to a net decrease of \$36.2 million in bonds payable and a decrease of other liabilities of \$60 thousand from the previous year.

Deferred inflows of resources increased by \$4.7 million due to the net increase of current year pension and OPEB activity of \$46 thousand and the \$4.6 million gain on refunding for the 2024 Series Chesapeake Bay Bonds.

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 \$20.9 million during the current year. This increase was primarily a result of a decrease in bonds payable of \$14.9 million, increases of restricted cash of \$21 million and investments of \$6.5 million offset by a decrease in the restricted portion of loans receivable of \$17.1 million.

Unrestricted net position for business type activities as of June 30, 2025, is \$6.8 million, a decrease from the prior year of approximately \$11.4 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, 2025, is \$687 million.

Charges for services consist of interest earnings on loans to projects which decreased during the current year by \$22 thousand. Loans receivable had a net decrease of \$17.1 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 2025. 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 2024 Series bonds, issued to provide grants for the Chesapeake Bay and Greenbrier Watershed projects.

(Continued)

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

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 \$261 thousand from the prior year. Interest rates for the money market accounts remained consistent throughout the year .

Interest on long-term debt decreased approximately \$2.6 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 \$7,166,600 allocated to the Drinking Water Treatment Revolving Fund and \$12,626,800 was allocated to the Clean Water State Revolving Fund. As of year-end, the Council has 48 binding commitments for water and wastewater projects. These include 12 loans and 36 grants for which the funds are committed and not disbursed as described in Note 15 to the financial statements. Council has 4 binding commitments for economic development projects, which include 2 loans and 2 grants.

Loss on uncollectible loans increased \$749 thousand due to an increase in the allowance for uncollectible loans in the amount of \$5.0 million, offset by the write off of three forgivable loans and the payoff of two others.

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 2024 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, 2025, 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, 2025, 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.

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

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, 2025, there were three (3) Series of Bonds outstanding totaling \$42,428,467. The Series 1999 A Capital appreciation Bonds are outstanding in the amount of \$17,873,467, the 2015 Series A Refunding in the amount of \$17,855,000, and 2017 Series Refunding Bonds in the amount of \$6,700,000. 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, 2025, the 2012 Series A Bonds have principal outstanding in the amount of \$20,940,000 and the 2016 Series A Bonds have principal outstanding in the amount of \$51,485,000. The 2012 Series A Bonds paid \$1,450,000 in principal and the 2016 Series A Bonds paid \$2,205,000 in principle during the fiscal year ended June 30, 2025.

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.

On December 5, 2024, The West Virginia Water Development Authority, on behalf of the Infrastructure Jobs and Development Council, issued the 2024 Series A Revenue Refunding Bonds to refund the outstanding 2014 Series A bonds. The 2024 Series bonds had a rating of AAA by S&P and Aa3 by Moody's. As of June 30, 2025, \$41,310,000 in principal was outstanding. \$3,505,000 principal was paid in fiscal year 2025 for the 2014 Series A bonds. 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.

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

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 2026 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).



Financial Statements



West Virginia Infrastructure and Jobs Development Council

Statement of Net Position

June 30, 2025

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash equivalents, including restricted amounts of \$197,944,561 (Note 6)	\$ 444,893	\$ 204,198,314	\$ 204,643,207
Investments, restricted (Notes 6 and 7)	-	120,958,989	120,958,989
Accrued interest receivable, restricted, net of allowances of \$1,903,442	-	1,592,623	1,592,623
Loans receivable, net of allowances of \$40,850,397	-	531,996,965	531,996,965
Net pension asset (Note 10)	-	43,780	43,780
Miscellaneous receivable	-	20,239	20,239
Total assets	\$ 444,893	\$ 858,810,910	\$ 859,255,803
DEFERRED OUTFLOWS OF RESOURCES			
Losses on bond refundings	\$ 880,487	\$ 485,907	\$ 1,366,394
Deferred outflows of resources from OPEB (Note 11)	-	1,853	1,853
Deferred outflows of resources from pensions (Note 10)	-	98,497	98,497
	\$ 880,487	\$ 586,257	\$ 1,466,744
LIABILITIES			
Accounts payable	\$ -	\$ 117,192	\$ 117,192
Due to other State of West Virginia agencies (Note 9)	-	351,776	351,776
Accrued interest payable	175,125	1,965,394	2,140,519
General obligation bonds (Note 8)			
Due within one year, net of unamortized premium of \$1,489,348	22,854,348	-	22,854,348
Due after one year, net of unamortized premium of \$500,587	21,564,054	-	21,564,054
Revenue bonds (Note 8)			
Due within one year, net of unamortized premium of \$626,135	-	6,666,135	6,666,135
Due after one year, net of unamortized premium of \$7,246,118	-	114,941,118	114,941,118
Total liabilities	\$ 44,593,527	\$ 124,041,615	\$ 168,635,142
DEFERRED INFLOWS OF RESOURCES			
Gains on bond refundings	\$ -	\$ 4,653,830	\$ 4,653,830
Deferred inflows of resources from OPEB (Note 11)	-	1,375	1,375
Deferred inflows of resources from pensions (Note 10)	-	54,974	54,974
	\$ -	\$ 4,710,179	\$ 4,710,179
NET POSITION			
Restricted for bond indentures and enabling legislation (Note 14)	\$ 444,893	\$ 723,840,903	\$ 724,285,796
Restricted for pension	-	43,780	43,780
Unrestricted (deficit)	(43,713,040)	6,760,690	(36,952,350)
Total net position (deficit)	\$ (43,268,147)	\$ 730,645,373	\$ 687,377,226

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, 2025

Functions/Programs	Expenses	Program Revenue	Net (Expenses) Revenues and Changes in Net Position		Total
			Governmental Activities	Business-Type Activities	
Governmental activities:					
Interest on long-term debt	\$ 1,469,733	\$ -	\$ (1,469,733)	\$ -	\$ (1,469,733)
Business-type activities:					
Infrastructure and jobs development	56,686,509	4,542,589	-	(52,143,920)	(52,143,920)
Total primary government	\$ 58,156,242	\$ 4,542,589	\$ (1,469,733)	\$ (52,143,920)	\$ (53,613,653)
General revenues:					
Intergovernmental (Note 9)			\$ 22,210,175	\$ 46,000,000	\$ 68,210,175
Other miscellaneous			-	25	25
Investment earnings			165,579	15,502,593	15,668,172
Total general revenues and transfers			22,375,754	61,502,618	83,878,372
Change in net position			20,906,021	9,358,698	30,264,719
Net position (deficit), beginning of year			(64,174,168)	721,286,675	657,112,507
Net position (deficit), end of year			\$ (43,268,147)	\$ 730,645,373	\$ 687,377,226

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

West Virginia Infrastructure and Jobs Development Council

Balance Sheet - Governmental Fund

June 30, 2025

	Debt Service Fund
ASSETS	
Cash equivalents (Note 6)	<u>\$ 444,893</u>
FUND BALANCE	
Restricted fund balance	<u>\$ 444,893</u>

West Virginia Infrastructure and Jobs Development Council

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund

Year Ended June 30, 2025

	<u>Debt Service Fund</u>
REVENUES:	
Intergovernmental (Note 9)	\$ 22,210,175
Investment earnings	<u>165,579</u>
Total revenues	22,375,754
EXPENDITURES:	
Debt service:	
Principal	20,955,000
Interest	<u>1,255,175</u>
Total expenditures	22,210,175
Net change in fund balance	165,579
FUND BALANCE, beginning	<u>279,314</u>
FUND BALANCE, ending	<u><u>\$ 444,893</u></u>

West Virginia Infrastructure and Jobs Development Council

Statement of Net Position - Proprietary Fund

June 30, 2025

	Enterprise Fund
ASSETS	
CURRENT ASSETS	
Cash equivalents, including restricted amounts of \$197,499,668 (Note 6)	\$ 204,198,314
Investments, restricted (Notes 6 and 7)	120,958,989
Current portion of loans receivable, restricted	28,674,651
Accrued interest receivable, restricted, net of allowances of \$1,903,442	1,592,623
Miscellaneous receivable	20,239
Total current assets	355,444,816
NONCURRENT ASSETS	
Net pension asset (Note 10)	43,780
Loans receivable, net of allowances of \$40,850,397, restricted	503,322,314
Total assets	\$ 858,810,910
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources from OPEB (Note 11)	\$ 1,853
Deferred outflows of resources from pensions (Note 10)	98,497
Loss on bond refundings	485,907
	\$ 586,257
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 117,192
Due to other State of West Virginia agencies (Note 9)	351,776
Accrued interest payable	1,965,394
Current portion of revenue bonds payable, net of unamortized premium of \$626,135 (Note 8)	6,666,135
Total current liabilities	9,100,497
NONCURRENT LIABILITIES	
Noncurrent portion of revenue bonds payable, net of unamortized premium of \$7,246,118 (Note 8)	114,941,118
Total liabilities	\$ 124,041,615
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources from OPEB (Note 11)	\$ 1,375
Deferred inflows of resources from pensions (Note 10)	54,974
Gain on bond refundings	4,653,830
	\$ 4,710,179
NET POSITION	
Restricted for bond indentures and enabling legislation (Note 14)	\$ 723,840,903
Restricted for pension	43,780
Unrestricted	6,760,690
Total net position	\$ 730,645,373

West Virginia Infrastructure and Jobs Development Council

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund Year Ended June 30, 2025

	<u>Enterprise Fund</u>
INTEREST CHARGES FOR SERVICES	\$ 4,542,589
OPERATING EXPENSES	
Infrastructure and economic development	47,287,855
Provisions for uncollectible loan principal and accrued interest	4,125,247
General and administrative (Note 12)	1,527,499
Bond issuance costs	<u>406,613</u>
Total operating expenses	<u>53,347,214</u>
Operating loss	(48,804,625)
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous revenue	25
Intergovernmental (Note 9)	46,000,000
Investment earnings, net	15,502,593
Interest on bonds	<u>(3,339,295)</u>
Total nonoperating revenues, net	<u>58,163,323</u>
Change in net position	9,358,698
NET POSITION, beginning	<u>721,286,675</u>
NET POSITION, ending	<u><u>\$ 730,645,373</u></u>

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, 2025

	Enterprise Fund
OPERATING ACTIVITIES	
Receipts of principal on loans	\$ 30,788,198
Receipts of interest on loans	4,412,522
Disbursements of loans	(17,819,953)
Disbursements of grants	(47,287,855)
Disbursements of general and administrative expenses	(1,248,419)
Disbursements on behalf of employees	(609,106)
Net cash used in operating activities	(31,764,613)
NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenue	25
Proceeds from issuance of revenue bonds	45,313,303
Excess lottery and other appropriations	46,000,000
Principal paid on revenue bonds	(53,465,000)
Interest paid on revenue bonds	(5,464,129)
Net cash provided by noncapital financing activities	32,384,199
INVESTING ACTIVITIES	
Purchase of investments	(157,857,814)
Proceeds from sale of investments	152,901,567
Investment earnings	13,985,515
Net cash provided by investing activities	9,029,268
Net increase in cash and cash equivalents	9,648,854
CASH EQUIVALENTS, beginning	194,549,460
CASH EQUIVALENTS, ending	\$ 204,198,314
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (48,804,625)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Provisions for uncollectible loan principal and accrued interest	4,125,247
Changes in operating accounts:	
Due to other agencies	79,339
Loans receivable	12,968,244
Miscellaneous receivables	217,663
Accrued interest receivable	(347,729)
Net pension asset	(42,716)
Net OPEB asset	5,223
Accounts payable	27,778
Deferred outflows of resources from pension and OPEB	(39,392)
Deferred inflows of resources from pension and OPEB	46,355
Net cash used in operating activities	\$ (31,764,613)

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

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.

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:

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

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.

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

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

projects and the related allowance may materially change in the near term. The amount of 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.

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

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

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, 2025, 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 pension represents assets restricted for the payment of 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	\$	444,893
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		880,487
General obligation bonds		(44,418,402)
Accrued interest on general obligation bonds		(175,125)
Net position (deficit) of governmental activities	\$	<u>(43,268,147)</u>

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

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	\$	165,579
Principal debt payments recorded on the modified accrual basis of accounting are not recorded in the governmental activities		20,955,000
Accretion of interest related to capital appreciation bonds is an expense of the governmental activities		(214,558)
Change in net position of governmental activities	\$	<u>20,906,021</u>

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 funds deposited 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 \$444,893 as of June 30, 2025.

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:

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

Security Type	Carrying Value (In Thousands)	WAM (Days)
Corporate bonds and notes	\$ 35,000	1
Commercial paper	6,065,609	46
Negotiable certificates of deposit	1,537,010	49
Repurchase agreements	985,100	1
Money market funds	3,691	1
	\$ 8,626,410	41

Interest Rate Risk - All Other Investments

As of June 30, 2025, the Council had the following investments and maturities:

Investment Type	Carrying Value	Investment Maturities (In Years)	
		Less than 1	1-5
U.S. Treasury obligations (carried at fair value)	\$ 103,831,870	\$ 60,038,683	\$ 43,793,187
Commercial paper (carried at fair value)	14,192,819	14,192,819	-
Corporate bonds (carried at fair value)	2,934,300	-	2,934,300
Money markets (carried at amortized cost)	204,198,314	204,198,314	-
	\$ 325,157,303	\$ 278,429,816	\$ 46,727,487

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:

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

Permitted Investments	Maximum Percentage of Portfolio	Enterprise Fund Percentage as of June 30, 2025
Direct Federal Obligations	100%	31.93%
Federally Guaranteed Obligations	100%	-
Federal Agency Obligations	90%	-
Money Markets	90%	62.80%
Repurchase Agreements/Investment Contracts	90%	-
Time Deposits/Certificates of Deposit	90%	-
Demand Deposits	30%	-
Corporate Obligations	15%	5.27%
Other State/Local Obligations	15%	-
West Virginia Obligations	15%	-
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 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 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):

Security Type	Rating	Carrying Value (In Thousands)	Percent of Pool Assets
Corporate bonds and notes	A-1+	\$ 35,000	0.40%
Commercial paper	A-1+	3,314,070	38.42
	A-1	2,751,539	31.90
Negotiable certificates of deposit	A-1+	841,000	9.75
	A-1	696,010	8.07
Money market funds	AAAm	3,691	0.04
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	846,600	9.81
U.S. Agency bonds and notes	AA+	138,500	1.61
		\$ 8,626,410	100.00%

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

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

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	\$ 188,136,694
Money market**	No rating	No rating	15,896,888
Money market	No rating	No rating	164,732
U.S. Treasury obligations*	Aa1	AA+	103,831,870
Corporate bonds	Aaa	AA+	1,484,625
	Aa2	AA	1,449,675
Commercial paper	P-1	A-1	8,324,489
	P-1	A-1+	5,868,330
			<u>\$ 325,157,303</u>

*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.

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

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

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, 2025, 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.

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	\$ 325,157,303
Less: cash equivalents	(204,198,314)
Carrying amount of investments	<u>\$ 120,958,989</u>
As reported on the Statement of Net Position – Proprietary Fund:	
Investments	<u>\$ 120,958,989</u>

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 investment securities based on the fair value hierarchy as of June 30, 2025.

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury obligations	\$ -	\$ 103,831,870	\$ -	\$ 103,831,870
Commercial paper	-	14,192,819	-	14,192,819
Corporate bonds	-	2,934,300	-	2,934,300
Total	\$ -	\$ 120,958,989	\$ -	\$ 120,958,989

Note 8 – Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2025:

	Balance July 1, 2024	Additions/ Accretions	Debt Reductions	Balance June 30, 2025
Governmental fund type:				
General Obligation Bonds				
1999 Series A Capital Appreciation Bonds	\$ 26,160,412	\$ 1,113,055	\$ 9,400,000	\$ 17,873,467
2015 Series A Refunding	26,300,000	-	8,445,000	17,855,000
2017 Series A Refunding	9,810,000	-	3,110,000	6,700,000
	<u>62,270,412</u>	<u>1,113,055</u>	<u>20,955,000</u>	<u>42,428,467</u>
Proprietary fund type:				
Revenue and Refunding Bonds				
2012 Series A Refunding	22,390,000	-	1,450,000	20,940,000
2014 Series A	49,810,000	-	49,810,000	-
2016 Series A Refunding	53,690,000	-	2,205,000	51,485,000
2024 Series A Refunding	-	41,310,000	-	41,310,000
	<u>125,890,000</u>	<u>41,310,000</u>	<u>53,465,000</u>	<u>113,735,000</u>
Total	\$ 188,160,412	\$ 42,423,055	\$ 74,420,000	\$ 156,163,467

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 \$20,955,000 and \$1,255,175, respectively for the year ended June 30, 2025.

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:

	Principal	Interest	Total
2026	\$ 12,115,000	\$ 836,375	\$ 12,951,375
2027	12,440,000	311,000	12,751,000
	<u>\$ 24,555,000</u>	<u>\$ 1,147,375</u>	<u>\$ 25,702,375</u>

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

Capital Appreciation Bonds:

	Principal, net of amounts to be accreted in future years	Amounts to be accreted in future years	Total
2026	\$ 9,083,577	\$ 166,423	\$ 9,250,000
2027	8,789,890	660,110	9,450,000
	17,873,467	\$ 826,533	\$ 18,700,000
Total capital appreciation bonds			
Total general obligation bonds and capital appreciation bonds	42,428,467		
Add: unamortized premium	1,989,935		
Less: amount due within one year	(22,854,348)		
Amount due after one year	\$ 21,564,054		

Business Type Activity

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

	Principal	Interest	Total
2026	\$ 6,040,000	\$ 5,215,731	\$ 11,255,731
2027	7,305,000	4,757,738	12,062,738
2028	7,655,000	4,404,363	12,059,363
2029	7,925,000	4,043,263	11,968,263
2030	8,130,000	3,670,688	11,800,688
	37,055,000	22,091,783	59,146,783
2031-2035	45,575,000	12,260,925	57,835,925
2036-2040	22,170,000	4,104,694	26,274,694
2041-2045	8,160,000	1,120,900	9,280,900
2046	775,000	19,375	794,375
	76,680,000	17,505,894	94,185,894
Total revenue and refunding bonds	113,735,000	\$ 39,597,677	\$ 153,332,677
Add: unamortized premium	7,872,253		
Less: amount due within one year	(6,666,135)		
Amount due after one year	\$ 114,941,118		

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 2024 Series A Refunding 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 \$8,165,294 and \$413,442 respectively were available for revenue bond debt service of \$6,860,313, comprised of \$3,655,000 for principal and \$3,205,313 for interest, respectively for the year ended June 30, 2025.

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

Debt Refundings

On December 5, 2024, the Council issued 2024 Series A Revenue Refunding Bonds in the face amount of \$41,310,000, with interest rates of 5%, to refund \$46,305,000 of the remaining balance of the Council's outstanding 2014 Series A revenue bonds. The proceeds of \$45,313,303 (including original issue premium of \$4,003,303) and other funds available to the Council were used to pay \$406,613 issuance costs relating to the refunding bond issue and the remaining was deposited in an irrevocable trust to provide for redemption of the bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of \$4,955,467. This difference is recognized as gain on bond refundings and will be amortized to interest expense through fiscal year 2034. The Council completed the refunding to reduce its total debt service payments over the next 9 years by \$4,721,975 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4,006,260.

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 2025. 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 subsequently the Series 2024 bonds that refunded the Series 2014 bonds) 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, 2025, the Council contributed \$7,166,600 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, 2025, \$12,626,800 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, 2025, the Council incurred \$1,527,499 of expenses of which \$351,776 remains unpaid at June 30, 2025.

Note 10 – Pension Benefits

Plan Description

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

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

Legislature. 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 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 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% of covered payroll for each of the years ended June 30, 2025, 2024, and 2023, respectively. All members hired July 1, 2015, and later will contribute 6% of annual earnings.

During the years ended June 30, 2025, 2024, and 2023, the Council's contributions to PERS required and made were approximately \$38,551, \$34,138, and \$36,405, respectively.

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

At June 30, 2025, the Council reported an asset of \$43,780 for its proportionate share of the net pension asset. The net pension asset reported at June 30, 2025, was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023, rolled forward to the measurement date of June 30, 2024. 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, 2024. At June 30, 2024, the Council's proportion was 0.026595 percent, which was an increase of 0.002836 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Council recognized pension expense of \$9,171. At June 30, 2025, 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	\$ -	\$ 50,966
Changes in proportion and differences between the Council's contributions and proportionate share of contributions	467	-
Differences in assumptions	-	4,008

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	59,479	-
The Council's contributions made subsequent to the measurement date of June 30, 2024	38,551	-
Total	\$ 98,497	\$ 54,974

The amount of \$38,551 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, 2026. 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,	
2026	\$ (21,852)
2027	63,743
2028	(18,726)
2029	(18,193)

Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation, which was used for the measurement date of June 30, 2024, was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent	
Salary Increases	2.75 - 7.37 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-2021 for active employees, 111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy males, 118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy females, 119% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021 for disabled males, and 124% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021 for disabled females, 109% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2021 for beneficiary males, and 121% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2021 for beneficiary females.

An experience study, which was based on the years 2018-2023, was used for the 2023 actuarial valuation that was rolled forward to the measurement date of June 30, 2024.

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:

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	22.5%	6.5%
International equity	22.5%	9.1%
Fixed income	15.0%	4.3%
Real estate	12.0%	5.8%
Private equity	12.0%	9.2%
Private credit	6.0%	9.8%
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)	\$ (222,798)	\$ 43,780	\$ 268,902

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.

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

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 co-payments. 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 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, 2025, 2024, and 2023, respectively, were:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Paygo Premium	\$ 34	\$ -	\$ 70

Contributions to the OPEB plan from the Council were \$1,588, \$0, and \$3,766, for the years ended June 30, 2025, 2024, and 2023, 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 annual 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 annual leave days into 50% of the required retiree healthcare contribution.

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

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 Code). 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 earlier. Under the current policy, the OPEB plan is considered fully funded at a funded ratio, on a present value of benefits, of more than 120%. 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. The amount of special funding for the PSSP for the OPEB plan's fiscal year 2024 was \$0 as a result of \$0 Paygo billed in fiscal year 2024.

OPEB Assets, OPEB Expense (Revenues), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Council did not receive an allocation of the net OPEB asset and certain plan level allocable deferred inflows of resources, deferred outflows of resources, and OPEB expense, as well as related special funding amounts for the year ended June 30, 2025, because the Council did not make any contributions to the plan due to the plan not requiring Paygo billings for the year ended June 30, 2024, which is the measurement period. As a result, the Authority's net OPEB asset for the year ended June 30, 2025 is \$0.

The net OPEB asset reported at June 30, 2025 was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to a measurement date of June 30, 2024. 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, 2024, the Council's proportion was .000000 percent, which is a decrease of .003300 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Council recognized OPEB expense (revenue) of \$438 and \$- for support provided by the State under special funding situations. At June 30, 2025, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between Council's contributions and proportionate share of contributions	\$ 265	\$ 1,375

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
The Council's contributions subsequent to the measurement date of June 30, 2024	1,588	-
Total	\$ 1,853	\$ 1,375

The amount of \$1,588 reported as deferred outflows of resources related to OPEB resulting from the Council's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2026. 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,		
2026	\$	(733)
2027		(29)
2028		48
2029		(396)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to a measurement date of June 30, 2024, 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 at 5.0% medical and 8.0% drug. The trends increased over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	20 year closed period beginning June 30, 2017

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

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

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, 2023, 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, 2023, reflects changes to the healthcare-related assumptions which include per capita claims costs, healthcare trend rate, coverage and continuance and 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's 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 (CMA), 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%	7.7%

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.

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

Sensitivity of the Council's Proportionate Share of the Net OPEB Asset (Liability) to Changes in the Discount Rate

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

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Council's proportionate share of the net OPEB asset (liability)	\$ -	\$ -	\$ -

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 they were calculated using healthcare cost trend rates that are 1-percent-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)	\$ -	\$ -	\$ -

Note 12 – Schedule of General and Administrative Expenses

General and administrative expenses in the enterprise fund for the year ending June 30, 2025, were as follows:

Salaries and benefits	\$ 580,523
Legal	370,350
Rentals	282,774
Travel and training	2,744
Office supplies	1,963
Computer services	5,810
Telecommunications	21,255
Trustee	112,404
Postage	482
Miscellaneous	149,194
Total general and administrative	<u>\$ 1,527,499</u>

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.

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

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, 2025.

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 pension benefits. The enterprise fund Statement of Net Position reports \$723,840,903 of net position restricted for bond indentures and enabling legislation of which \$55,442,172 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, 2025, \$39,141,459 and \$6,994,035, respectively, were 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 Statement, which is not yet effective. In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement improves 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 as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025. Management has not determined the effects this new GASB Statement may have on prospective financial statements.

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.

West Virginia Infrastructure and Jobs Development Council

Notes to Financial Statements

June 30, 2025

Note 17 - Segment Information

	Defined Loan Program
ASSETS	
CURRENT	\$ 14,089,328
NONCURRENT	119,187,025
Total assets	\$ 133,276,353
DEFERRED OUTFLOWS OF RESOURCES	
Losses on bond refundings	\$ 485,908
LIABILITIES	
CURRENT	\$ 5,620,858
NONCURRENT	72,699,231
Total liabilities	\$ 78,320,089
NET POSITION	
Restricted	\$ 55,442,172
OPERATING REVENUE	
Charges for services	\$ 413,442
OPERATING EXPENSES	
General and administrative	314,876
Interest on bonds	3,016,028
Operating loss	(2,917,462)
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue, net of arbitrage	801,294
Transfers (net)	(25,880,255)
Change in net position	(27,996,423)
Beginning net position	83,438,595
Ending net position	\$ 55,442,172
Cash flows related to the Defined Loan Program segment:	
Net cash provided by (used in):	
Operating activities	\$ 4,455,405
Noncapital financing activities	(29,738,315)
Investing activities	910,857
Beginning cash equivalents	29,405,951
Ending cash equivalents	\$ 5,033,898



Required Supplementary Information

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
The Council's proportion (percentage) of the net pension liability (asset)	0.0266%	0.0238%	0.0279%	0.0276%	0.0251%	0.0220%	0.0156%	0.0129%	0.0194%	0.0222%
The Council's proportionate share of the net pension liability (asset)	\$ (43,780)	\$ (1,064)	\$ 41,481	\$ (242,553)	\$ 132,872	\$ 47,307	\$ 40,358	\$ 55,576	\$ 178,377	\$ 123,848
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
The Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(11.54%)	(0.26%)	10.42%	(57.95%)	34.00%	14.71%	16.82%	30.70%	64.36%	41.04%
Plan fiduciary net position as a percentage of its total pension liability	101.85%	100.05%	98.17%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%

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

West Virginia Infrastructure and Jobs Development Council

Schedule of Contributions to the PERS

	Years Ended June 30,										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
Statutorily required contribution	\$ 38,551	\$ 34,138	\$ 36,405	\$ 39,823	\$ 41,859	\$ 39,085	\$ 32,161	\$ 26,387	\$ 21,726	\$ 37,417	
Contributions in relation to the statutorily required contribution	(38,551)	(34,138)	(36,405)	(39,823)	(41,859)	(39,085)	(32,161)	(26,387)	(21,726)	(37,417)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
The Council's covered payroll	\$ 428,344	\$ 379,311	\$ 404,500	\$ 398,230	\$ 418,590	\$ 390,847	\$ 321,613	\$ 239,873	\$ 181,050	\$ 277,162	
Contributions as a percentage of covered payroll	9.00%	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	

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

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,					
	2025	2024	2023	2022	2021	2018
The Council's proportion (percentage) of the net OPEB liability (asset)	0.000000%	0.003300%	0.002594%	0.006211%	0.001211%	0.001663%
The Council's proportionate share of the net OPEB liability (asset)	\$ -	\$ (5,223)	\$ 4,055	\$ (1,847)	\$ 11,494	\$ 23,078
The State's proportionate share of the net OPEB liability (asset) associated with the Council	-	(2,229)	1,379	(364)	2,542	7,374
Total proportionate share of the net OPEB liability (asset) associated with the Council	<u>\$ -</u>	<u>\$ (7,452)</u>	<u>\$ 5,434</u>	<u>\$ (2,211)</u>	<u>\$ 14,036</u>	<u>\$ 27,801</u>
The Council's covered employee payroll	\$ 100,474	\$ 95,690	\$ 30,880	\$ 50,796	\$ 33,290	\$ 42,866
The Council's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	0.00%	(5.46%)	13.13%	(3.64%)	34.53%	53.84%
Plan fiduciary net position as a percentage of the total OPEB liability	102.19%	109.66%	93.59%	101.81%	73.49%	39.69%
						30.98%
						74.71%
						25.10%

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

West Virginia Infrastructure and Jobs Development Council

Schedule of Contributions to the RHBT

	Years Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 1,588	\$ -	\$ 3,766	\$ 3,746	\$ 6,878	\$ 5,030	\$ 2,684	\$ 3,345
Contributions in relation to the statutorily required contribution	(1,588)	-	(3,766)	(3,746)	(6,878)	(5,030)	(2,684)	(3,345)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The Council's covered employee payroll Contributions as a percentage of covered employee payroll	\$ 56,765	\$ 100,474	\$ 95,690	\$ 30,880	\$ 50,796	\$ 33,290	\$ 42,866	\$ 42,914
	2.80%	0.00%	3.94%	12.13%	13.54%	15.11%	6.26%	7.79%

West Virginia Infrastructure and Jobs Development Council

Notes to Required Supplementary Information

June 30, 2025

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 and PERS 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.

West Virginia Infrastructure and Jobs Development Council

Notes to Required Supplementary Information
June 30, 2025

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		Inflation Rate	Discount Rate	Mortality Rates	Withdrawal rates			Experience Study
	State	Nonstate				State	Nonstate	Disability Rates	
2024	2.75% - 6.86%	3.57% - 7.37%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2021; Retired healthy males-111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021; Retired healthy females-118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021; Disabled males-119% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021; Disabled females-124% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021; Beneficiary males-109% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2021; Beneficiary females-121% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2021	2.28 - 45.63%	3.25 - 31.63%	0.004 - 0.250%	2018-2023
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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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

West Virginia Infrastructure and Jobs Development Council

**Notes to Required Supplementary Information
June 30, 2025**

Note 3 - Pension Plan Changes in Assumptions

	Projected Salary Increases		Inflation Rate	Discount Rate	Mortality Rates	Withdrawal rates			Experience Study
	State	Nonstate				State	Nonstate	Disability Rates	
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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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
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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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

West Virginia Infrastructure and Jobs Development Council

**Notes to Required Supplementary Information
June 30, 2025**

Note 3 - Pension Plan Changes in Assumptions

	Projected Salary Increases		Inflation Rate	Discount Rate	Mortality Rates	Withdrawal rates			Experience Study
	State	Nonstate				State	Nonstate	Disability Rates	
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

West Virginia Infrastructure and Jobs Development Council

Notes to Required Supplementary Information
June 30, 2025

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
2024	2.50%	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	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 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; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.	2015-2020
2023	2.50%	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	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 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; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	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.	2015-2020
2022	2.25%	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	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 and 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 fully 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

West Virginia Infrastructure and Jobs Development Council

Notes to Required Supplementary Information

June 30, 2025

Note 4 - OPEB Plan Changes in Assumptions

	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return & Discount Rate</u>	<u>Mortality Rates</u>	<u>Healthcare Cost Trend Rates</u>	<u>Experience Study</u>
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 fully 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



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, 2025, 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 1, 2025.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 1, 2025

