WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

FINANCIAL REPORT
WITH OTHER FINANCIAL INFORMATION

June 30, 2021

CONTENTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Authority's basic financial statements. The accompanying information, as listed in the table of contents, is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The 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.

Other Reporting Required by *Government Auditing Standards*

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 5, 2021

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

INTRODUCTION

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

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

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

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

USING THIS REPORT

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

FINANCIAL HIGHLIGHTS

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

(Continued)

FINANCIAL HIGHLIGHTS (Continued)

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

THE AUTHORITY AS A WHOLE

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

Table 1
Net Position

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

THE AUTHORITY AS A WHOLE (Continued)

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

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

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

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

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

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

THE AUTHORITY AS A WHOLE (Continued)

Table 2
Changes in Net Position

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

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

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

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

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

(Continued)

DEBT ADMINISTRATION

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

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

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

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

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

CONTACTING THE AUTHORITY'S MANAGEMENT

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION
June 30, 2021

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

(Continued)

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION
(Continued)
June 30, 2021

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

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

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

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

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

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

(Continued)

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

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

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

Note 1. Reporting Entity

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

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

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

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

Note 2. Significant Accounting Policies

Basis of presentation

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

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

Note 2. Significant Accounting Policies (Continued)

Cash and cash equivalents

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

Allowance for uncollectible loans and service charges

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

Restricted assets

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

Capital assets

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

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

Accrued employee benefits

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

Bond premiums, discounts, and issuance costs

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

Note 2. Significant Accounting Policies (Continued)

Arbitrage rebate payable

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

Deferred outflows of resources / deferred inflows of resources

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

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

Pension

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

Postemployment benefits other than pensions (OPEB)

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

(Continued)

Note 2. Significant Accounting Policies (Continued)

Net position

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

Note 3. Deposit and Investment Risk Disclosures

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

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

Interest rate risk - West Virginia Money Market Pool

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

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

Note 3. Deposit and Investment Risk Disclosures (Continued)

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

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

Interest rate risk - all other investments

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

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

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

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

Concentration of credit risk - West Virginia Money Market Pool

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

(Continued)

Note 3. Deposit and Investment Risk Disclosures (Continued)

Concentration of credit risk – all other investments

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

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

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

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

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

Credit risk – West Virginia Money Market Pool

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

(Continued)

Note 3. Deposit and Investment Risk Disclosures (Continued)

Credit risk – West Virginia Money Market Pool (Continued)

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

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

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

Credit Risk – all other investments

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

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

Note 3. Deposit and Investment Risk Disclosures (Continued)

Credit Risk – all other investments (Continued)

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

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

Custodial credit risk - West Virginia Money Market Pool

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

Custodial credit risk – all other investments

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

Cash consisted of the following at June 30, 2021:

Cash on deposit with State Treasurer	$ 259,663

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

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

Note 3. Deposit and Investment Risk Disclosures (Continued)

Custodial credit risk – all other investments (Continued)

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

Note 4. Due From Other Agencies

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

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

Note 5. Revenue Bonds Receivable

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

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

Note 6. Design Loan Program Notes Receivable

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

Note 7. Capital Assets

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

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

Note 8. Revenue Bonds Payable

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

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

Note 8. Revenue Bonds Payable (Continued)

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

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

*Direct placement bonds

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

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

Loan Program I

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

Note 8. Revenue Bonds Payable (Continued)

Loan Program II

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

Loan Program III

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

Note 8. Revenue Bonds Payable (Continued)

Loan Program IV

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

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

Note 8. Revenue Bonds Payable (Continued)

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

Note 9. Design Loan Program Notes Payable

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

Note 10. Pension Plan

Plan description

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

Note 10. Pension Plan (Continued)

Benefits provided

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

Contributions

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

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

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

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

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

Note 10. Pension Plan (Continued)

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

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

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

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

Actuarial assumptions

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

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

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

Note 10. Pension Plan (Continued)

Actuarial assumptions (Continued)

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

The long-term rates of return on pension plan investments was determined using the building block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term geometric rates of return are summarized in the following table:

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

Discount rate

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

Note 10. Pension Plan (Continued)

Actuarial assumptions (Continued)

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

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

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

Note 11. Other Postemployment Benefits

Plan description

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

Benefits provided

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

(Continued)

Note 11. Other Postemployment Benefits (Continued)

Benefits provided (Continued)

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

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

Contributions

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

	2021	2020	2019
Paygo Premium	$ 160	$ 168	$ 183

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

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

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

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

Note 11. Other Postemployment Benefits (Continued)

Contributions (Continued)

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

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

Contributions by non-employer contributing entities in special funding situations

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

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

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

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

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

Note 11. Other Postemployment Benefits (Continued)

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

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

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

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

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

Note 11. Other Postemployment Benefits (Continued)

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

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

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

Actuarial assumptions

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

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

(Continued)

Note 11. Other Postemployment Benefits (Continued)

Actuarial assumptions (Continued)

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

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

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

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

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

(Continued)

Note 11. Other Postemployment Benefits (Continued)

Actuarial assumptions (Continued)

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

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

Discount rate

A single discount rate of 6.65% was used to measure the total OPEB liability. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

Other key assumptions

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

Note 11. Other Postemployment Benefits (Continued)

OPEB Subsequent event

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

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

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

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

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

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

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

Note 12. General and Administrative Expenses

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

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

Note 13. Risk Management

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

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

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

Note 14. New Accounting Pronouncements

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

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

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

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

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

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

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

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

Note 15. Segment Information

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

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

Note 15. Segement Information (Continued)

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

Note 15. Segement Information (Continued)

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

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System Plan

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

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

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF CONTRIBUTIONS TO THE PERS

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

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Retiree Health Benefit Trust

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

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF CONTRIBUTIONS TO THE RHBT

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

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

Note 1. Trend Information Presented

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

Note 2. OPEB Changes in Assumptions

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

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

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

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

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

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

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

(Continued)

Note 2. OPEB Changes in Assumptions (Continued)

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

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

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

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

Note 3. Pension Plan Amendments

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

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

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

Note 3. Pension Plan Amendments (Continued)

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

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

Note 4. Pension Plan Assumptions

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

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

ACCOMPANYING INFORMATION

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 7

GAAP REPORTING FORM - DEPOSITS DISCLOSURE

Audited Agency **WV Water Development Authority-June 30, 2021**

Per GASB Statement 40 the Agency must disclose its deposit policy. The deposit 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 deposit policy.

See Note 3 to the financial statements.

							2	3A	3B	3C	Foreign Currency Risk		
	Carrying Amount	Restricted Carrying Amount	Total Carrying Amount	Bank Balance	FDIC Insured Amount	Collateralized Amount	Amount Collateralized with securities held by the pledging financial institution's trust department or agent in the government's name	Amount Uninsured and Uncollateralized	Collateralized with securities held by the pledging financial institution but not in the name of the depositor	Collateralized with securities held by the pledging financial institution trust department or agency but not in the name of the depositor	Currency Type	Maturity	Fair Value
Balances as of	June 30, 2021												
Cash with Treasurer													
Per wvOASIS Opening Balance Repor	259,663		259,663										
Cash with Municipal Bond Commission			0										
Cash on Hand			0										
Cash in Transit to wvOASIS			0										
Cash with Board of Trustees			0										
Cash in Outside Bank Accounts			0										
Cash in Escrow			0										
Certificates of Deposits (Non-Negotiable)			0										
Other: ____________			0										
Total	259,663	0	259,663	0	0	0	0	0	0	0			0

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

See Independent Auditor's Report.

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 8

GAAP REPORTING FORM - INVESTMENTS DISCLOSURE

Audited Agency **WV Water Development Authority-June 30, 2021**

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.

	Reported Amount Unrestricted	Reported Amount Restricted	Fair Value Measurement's Using: Level 1	Level 2	Level 3	Fair Value	Cost Value	Net Asset Value	Total Reported Value	Credit Ratings: Standard & Poor's	Moody's	Fitch	Interest Rate Risk - Segmented Time Distribution, Investment Maturities (in years): Less than 1	1 - 5	6 -10	More than 10	Foreign Currency Risk: Currency Type	Maturity	Fair Value
Investments with Investment Mgmt Board (IMB)																			
Per wvOASIS Opening Balance Report																			
Investment Earnings not Posted to wvOASIS As of 6/30/21																			
Investments with Board of Treasury Investments (BTI)																			
Per Opening Balance Report	20,342,498						20,342,498		20,342,498										
Investment Earnings not Posted to wvOASIS As of 6/30/21	1,006						1,006		1,006										
Outside Investments:																			
Investments Reported at Cost																			
Repurchase Agreements ****																			
State & Local Govt Securities																			
U.S. Gov't Agencies																			
U.S. Gov't Agencies																			
Corporate Bonds																			
Commercial Paper																			
Fixed Income Fund																			
Money Market / Mutual Funds	18,373,317	15,385,609					33,758,926		33,758,926	AAAm	Aaa-mf	AAAmmf	33,758,926						
Other Investments																			
Total Outside Investments at Cost	18,373,317	15,385,609	0	0	0	0	33,758,926		33,758,926				33,758,926	0	0	0			
Investments by Fair Value Level																			
Debt Securities																			
U.S. Treasury securities	0		0			0			0				0						
Commercial mortgage-backed securities																			
Collateralized debt obligations																			
Residental mortgage-backed securities																			
Corporate Bonds																			
Total Debt Securities	0	0	0	0	0	0	0		0				0	0	0	0			
Equity Securities																			
Other																			
Total Equity Securities	0	0	0	0	0	0	0		0				0	0	0	0			
Venture Capital Investments																			
Direct venture capital -																			
Direct venture capital -																			
Total Venture Capital Investments	0	0	0	0	0	0	0		0				0	0	0	0			
Private Equity Funds - International																			
Total Private Equity Funds - International	0	0	0	0	0	0	0		0				0	0	0	0			
Total Investments by Fair Value	0	0	0	0	0	0	0		0				0	0	0	0			
Investments Measured at the Net Asset Value (NAV)																			
Equity long/short hedge funds																			
Event-driven hedge funds																			
Global opportunities hedge funds																			
Multi-strategy hedge funds																			
Real estate funds																			
Total Investments Measured at the NAV	0	0						0	0				0	0	0	0			
Investments Derivative Instruments																			
Interest Rate Swaps																			
Foreign exchange contracts (liabilities																			
Total Investment Derivative Instruments	0	0	0	0	0	0			0				0	0	0	0			
Total Investment	38,716,821	15,385,609	0	0	0	0	54,102,430	0	54,102,430				33,758,926	0	0	0			

****** 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

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 8A

GAAP REPORTING FORM - DEPOSITS AND INVESTMENTS RECONCILIATION

Audited Agency **WV Water Development Authority-June 30, 2021**

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	$ 54,362,093
Less: cash equivalents disclosed as investments	(54,102,430)
Add: restricted cash and cash equivalents disclosed as deposits	
Other (describe)	
Carrying amount of deposits as disclosed on Form 7	$ 259,663
Investments:	
Investments as reported on balance sheet	$ -
Add: restricted investments disclosed as investments	
Add: cash equivalents disclosed as investments	54,102,430
Other (describe)	
Reported amount of investments as disclosed on Form 8	$ 54,102,430

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

BROWNEDWARDS
certified public accountants

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

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

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

Internal Control over Financial Reporting

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

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

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

300 Chase Tower • 707 Virginia Street, East • Charleston, WV 25301 • 304-343-4188 • Fax: 304-344-5035 • www.BEcpas.com

Compliance and Other Matters

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 5, 2021