
**WEST VIRGINIA
ECONOMIC DEVELOPMENT AUTHORITY**

COMBINED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

AND

INDEPENDENT AUDITOR'S REPORTS



A Professional Limited Liability Company

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying combined financial statements of the West Virginia Economic Development Authority (the Authority), a component unit of the State of West Virginia, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 17 to the financial statements, the Authority implemented Governmental Auditing Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 10, the pension schedules, other post-employment benefit schedules, and related notes on pages 62 through 69 be presented to supplement the basic combined financial statements. Such information is the responsibility of management and, although not a part of the basic combined 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 combined 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 combined financial statements, and other knowledge we obtained during our audit of the basic combined 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.

Emphasis of Matter - Reporting Entity

As discussed in Note 1, the combined financial statements of the Authority are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the State of West Virginia that is attributable to the transactions of the Authority. They do not purport to, and do not present fairly the financial position of the State of West Virginia, as of June 30, 2025 and 2024, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter - Loan and Equity Investments

As discussed in Note 4, the combined financial statements include loan and equity investments carried at \$12,048,988 at June 30, 2025 and \$9,841,994 at June 30, 2024, whose values have been estimated by the Authority for purposes of evaluating recoverability or whether other than temporary declines in value have occurred. These valuations include significant inherent uncertainty, due to the absence of readily ascertainable market values and because recoverability is highly dependent upon future events. Therefore, those estimated values may differ significantly from the values that would have been used had a ready market existed, and the differences could be material. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2025, on our consideration of the Authority's internal control over financial reporting and 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.



Charleston, West Virginia

October 13, 2025

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

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This section will discuss the financial performance of the West Virginia Economic Development Authority (WVEDA) and its blended combined entities, West Virginia Jobs Investment Trust (the Trust), West Virginia Enterprise Advancement Corporation (WVEAC) and West Virginia Enterprise Capital Fund (WVECF); collectively referred to as "the Authority." Senate Bill 523 transferred management, administration, oversight, and responsibility of the West Virginia Jobs Investment Trust to the Authority beginning July 1, 2022 and therefore is presented as a part of the Authority beginning in fiscal year 2023. The annual combined financial report presents our discussion and analysis of the Authority for fiscal years ended on June 30, 2025, 2024, and 2023. Please read it in conjunction with the Authority's combined financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- The Authority's total net position increased approximately \$18.14 million for the year ended June 30, 2025, and \$3.60 million for the year ended June 30, 2024.
- Total assets decreased by approximately \$100.37 million for the year ended June 30, 2025 and decreased approximately \$67.30 million for the year ended June 30, 2024.
- Total liabilities decreased by approximately \$118.55 million for the year ended June 30, 2025 and decreased by approximately \$71.02 million for the year ended June 30, 2024.
- Loan and lease originations for the year ended June 30, 2025 totaled approximately \$226.15 million. Loan and lease originations for the year ended June 30, 2024 totaled approximately \$259.07 million.

OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS

The annual combined financial statements consist of: Management's Discussion and Analysis (this section), the combined financial statements and notes to combined financial statements, and other required supplementary information related to pensions and OPEB.

- The Authority's combined financial statements provide information about the overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of Combined Statements of Net Position, Combined Statements of Revenues, Expenses, and Changes in Fund Net Position, and Combined Statements of Cash Flows.
- The basic combined financial statements also include "Notes to Combined Financial Statements," which provide explanations and additional information related to amounts reported in the combined financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the combined financial statements. The prior year results referred to throughout this section for comparison purposes are as previously reported.

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

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OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS (Continued)

The combined financial statements report information about the Authority's use of accounting methods which are similar to those used by private sector companies. These combined financial statements are presented in a manner similar to a private business, such as real estate development, investment banking, commercial lending, construction management, and private consulting, subject to the provisions of generally accepted accounting principles followed by governments for special purpose governments engaged in business type activities.

FINANCIAL ANALYSIS OF THE AUTHORITY

Combined Statements of Net Position: The following table summarizes the balances in the Combined Statements of Net Position as of June 30, 2025, 2024, and 2023.

	(in millions)			% Change	
	2025	2024	2023	FY 25-24	FY 24-23
Current assets	\$ 928.51	\$ 1,059.31	\$ 1,193.95	(12.35)	(11.28)
Capital assets, net	11.63	16.63	16.69	(30.07)	(0.36)
Other noncurrent assets	283.02	247.59	180.19	14.31	37.40
Total assets	1,223.16	1,323.53	1,390.83	(7.58)	(4.84)
Deferred outflows of resources	0.34	0.26	0.41	30.77	(36.59)
Total assets and deferred outflows of resources	<u>\$ 1,223.50</u>	<u>\$ 1,323.79</u>	<u>\$ 1,391.24</u>	(7.58)	(4.85)
Current liabilities	\$ 249.02	\$ 384.44	\$ 483.22	(35.23)	(20.44)
Noncurrent liabilities	63.38	46.51	18.75	36.27	148.05
Total liabilities	312.40	430.95	501.97	(27.51)	(14.15)
Deferred inflows of resources	0.19	0.07	0.10	171.43	(30.00)
Total liabilities and deferred inflows of resources	<u>312.59</u>	<u>431.02</u>	<u>502.07</u>	(27.48)	(14.15)
Net position:					
Net investment in capital assets	11.63	16.63	16.69	(30.07)	(0.36)
Restricted	100.87	80.75	24.44	24.92	230.40
Unrestricted	798.41	795.39	848.04	0.38	(6.21)
Total net position	<u>910.91</u>	<u>892.77</u>	<u>889.17</u>	2.03	0.40
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,223.50</u>	<u>\$ 1,323.79</u>	<u>\$ 1,391.24</u>	(7.58)	(4.85)

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

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FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

The Authority's overall net position increased by approximately \$18.14 million for the year ended June 30, 2025, increased by approximately \$3.60 million for the year ended June 30, 2024 and approximately \$683.84 million for the year ended June 30, 2023. Total assets decreased by approximately \$100.37 million for the year ended June 30, 2025, decreased approximately \$67.30 million for the year ended June 30, 2024, and increased by approximately \$1,080.16 million for the year ended June 30, 2023.

Combined Statements of Revenues, Expenses, and Changes in Fund Net Position: The following table summarizes the balances in the Combined Statements of Revenues, Expenses, and Changes in Net Position for fiscal years 2025, 2024, and 2023.

	(in millions)			% Change	
	2025	2024	2023	FY 25-24	FY 24-23
Operating revenues:					
Interest on loans	\$ 7.36	\$ 5.71	\$ 3.89	28.90	46.79
Income from loan and equity investments	0.69	0.47	0.37	46.81	27.03
Lease revenues	0.88	0.88	1.23	-	(28.46)
Other revenues	0.45	0.49	0.51	(8.16)	(3.92)
Total operating revenues	9.38	7.55	6.00	24.24	25.83
Operating expenses:					
Administrative	6.24	4.73	12.74	31.92	(62.87)
Depreciation	0.09	0.09	0.09	-	-
Grants disbursed	-	-	10.00	-	(100.00)
Provision for loan losses	180.76	225.25	29.02	(19.75)	676.19
Losses on loan and equity investments	-	0.51	0.22	(100.00)	131.82
Total operating expenses	187.09	230.58	52.07	(18.86)	342.83
Operating income (loss)	(177.71)	(223.03)	(46.07)	(20.32)	384.11
Nonoperating revenues(expenses):					
Earnings on invested cash	50.97	65.05	24.03	(21.64)	170.70
Interest expense	(1.42)	(0.61)	(0.50)	132.79	22.00
Payments made on behalf of the Authority	0.01	(0.02)	(0.03)	(150.00)	(33.33)
Loan Reimbursement CAP Program	1.65	3.47	1.71	(52.45)	102.92
Distributions from the State of West Virginia	144.64	158.74	705.00	(8.88)	(77.48)
Gain (loss) on disposal of real estate	-	-	(0.30)	-	(100.00)
Total nonoperating revenues	195.85	226.63	729.91	(13.58)	(68.95)
Change in net position	18.14	3.60	683.84	403.89	(99.47)
Net position, beginning of year	892.77	889.17	192.55	0.40	361.79
Restatement - WVJIT	-	-	12.78	-	(100.00)
Net position, beginning of year as restated	892.77	889.17	205.33	0.40	333.04
Net position, end of year	\$ 910.91	\$ 892.77	\$ 889.17	2.03	0.40

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

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FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

Within the Authority's activities, the primary revenue sources are interest income on active loans and lease revenue. During fiscal year 2025, approximately \$144.64 million was received from the State of West Virginia. During fiscal year 2024, approximately \$158.74 million was received from the State of West Virginia. During fiscal year 2023, approximately \$705.00 million was received from the State of West Virginia. Total revenues exceeded total expenses by \$18.14 million, \$3.60 million, and \$683.84 million for the years ending June 30, 2025, 2024, and 2023, respectively.

The provision for loan losses in 2025 increased by \$180.76 million, or 29.95% of the total loans. The total allowance for loan loss is \$443.10 million, or 73.42% of the total loan portfolio at June 30, 2025. The provision for loan losses in 2024 increased by \$225.25 million, or 55.23% of the total loans. The total allowance for loan loss is \$262.33 million, or 64.32% of the total loan portfolio at June 30, 2024. This is discussed in more detail in the "Currently known facts and conditions having a significant effect on financial position" section.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Authority independently, or in cooperation with private and/or other governmental entities, acquires, invests in, and/or develops vacant industrial sites, existing facilities, unimproved land, equipment, and other real estate for private or governmental use. Sites developed and equipment purchased for private use are marketed or leased to businesses that will create new job opportunities and tax ratables for the municipalities. Sites developed for governmental use are leased to the State or State entities. For the majority of these leases, future minimum lease rental payments are equal to the debt service payments related to the bonds or notes issued for the applicable property.

Debt - In 2025, total notes payable increased by approximately \$16.87 million. This was primarily related to an increase in the amount due to the West Virginia Board of Treasury Investments to provide loan insurance for broadband projects.

In 2024, total notes payable increased by approximately \$27.73 million. This was primarily related to the Authority receiving a \$10 million loan through Infrastructure Jobs Development Council to complete the Ravenswood remediation project, and approximately an \$18 million increase in notes payable from the West Virginia Board of Treasury Investments to provide loan insurance for broadband projects.

Additional information regarding capital assets and debt can be found in the notes to combined financial statements.

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

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CURRENTLY KNOWN FACTS AND CONDITIONS HAVING A SIGNIFICANT EFFECT ON FINANCIAL POSITION

Senate Bill 523 was passed during the 2022 regular session, which impacted the Authority. Effective July 1, 2022, the West Virginia Jobs Investment Trust Board was terminated and as of that date, all funds of the West Virginia Jobs Investment Trust shall be governed, administered, and accounted for by the Authority as a special purpose account separate and distinct from any other moneys, fund, or funds owned or managed by the Authority.

Additionally, Senate Bill 2001 was passed during the 2022 second extraordinary session, which impacted the Authority. In August of 2023, the Authority received an appropriation from the State of West Virginia in the amount of \$600 million as part of the State's fiscal year 2022 budget bill. This appropriation is to be used as funding for infrastructure and economic development projects in the state; discontinuing the revolving loan from the Board of Treasury Investments to the Authority; establishing a special revenue fund to receive moneys appropriated to the Authority; allowing the Authority to invest the moneys in the fund; providing that a certain amount of moneys in the fund be used for high impact economic development projects; establishing accounting and auditing standards related to the fund; establishing project status reporting requirements related to the fund; and providing that documents and materials related to high impact economic development projects are exempt from certain provisions of the code, except that certain required records and reports and final agreements or resolutions of the Authority are not exempt from certain provisions of the code.

The Authority received another legislative appropriation in the amount of \$482 million as a result of HB 2883 on April 13, 2023. The HB 2883 appropriation was made from American Rescue Plan Act funds available through the State's Coronavirus State Fiscal Recovery Fund. Due to the appropriation being made from federal funds, the funds are reported as deferred revenue on the Authority's combined statement of net position until the funds are expended. HB 2882 appropriated another \$105 million to the Authority that was received on May 15, 2023 and was intended to be used for Form Energy's new battery manufacturing facility. The new battery manufacturing plant is expected to create a minimum of 750 new full-time jobs and will represent a total investment of up to \$760 million, including \$290 million from the Authority.

Senate Bill 2001 allows the Authority to "finance any high impact development project under this section by offering incentives for business formation or expansion to industrial development agencies or enterprises in this state in the form of loans, grants, or other offers of financial assistance or aid upon such terms as the Governor may request and the Authority shall deem appropriate." In fiscal year 2025, the Authority has disbursed \$175.60 million in performance loans, which are forgivable if certain performance requirements are met, as an economic development incentive. These projects are monitored by the Authority and West Virginia Department of Economic Development to ensure that the respective performance requirements are being reached timely. The Authority has no reason to suspect that the borrowers will not meet the performance requirements at this time. Therefore, the allowance for loan loss reserve has been increased significantly to account for these loans. The loan loss reserve increased by approximately \$180.76 million in fiscal year 2025 and of that increase, \$175.60 million can be attributed to performance loans. In fiscal year 2024, the loan loss reserve increased by approximately \$225.25 million and of that, \$159.40 million can be attributed to performance loans.

REQUESTS FOR INFORMATION

The combined financial report is designed to provide an overview of the finances of the Authority for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the West Virginia Economic Development Authority at Northgate Business Park, 180 Association Drive, Charleston, West Virginia 25311.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
COMBINED STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

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	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 905,138,793	\$ 1,035,628,778
Restricted cash due to others	301,627	301,627
Current portion of loans receivable	11,377,849	10,694,190
Current portion of investment in direct financing leases	3,682,698	3,613,999
Accrued interest receivable	7,996,860	6,434,565
Accounts receivable, net of allowance	4,421	2,629,421
Prepaid expenses	5,778	5,778
Total current assets	<u>928,508,026</u>	<u>1,059,308,358</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	100,868,275	80,748,732
Loans receivable, net of allowance, less current portion	149,042,889	134,801,304
Investment in equity	9,113,435	7,113,444
Investment in loans, net of allowance	2,935,553	2,728,550
Investment in direct financing leases, less current portion	20,932,393	22,162,838
Real estate, property, and equipment, less accumulated depreciation	11,633,490	16,631,275
Net pension asset	118,312	2,813
Net OPEB asset	7,497	34,433
Total noncurrent assets	<u>294,651,844</u>	<u>264,223,389</u>
Total assets	<u>1,223,159,870</u>	<u>1,323,531,747</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension	293,297	210,081
Deferred outflows of resources related to OPEB	50,150	47,366
	<u>343,447</u>	<u>257,447</u>
Total assets and deferred outflows of resources	<u>\$ 1,223,503,317</u>	<u>\$ 1,323,789,194</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 443,029	\$ 242,382
Accrued interest payable	68,168	32,231
Amounts due to other State agencies	1,629,863	663,196
Deferred revenue	246,621,956	383,260,251
Current portion of compensated absences	80,808	68,202
Current portion of loans payable	179,591	174,291
Total current liabilities	<u>249,023,415</u>	<u>384,440,553</u>
NONCURRENT LIABILITIES		
Other noncurrent liabilities	281,780	281,780
Compensated absences, less current portion	73,876	67,886
Loans payable, less current portion	63,025,035	46,158,840
Total noncurrent liabilities	<u>63,380,691</u>	<u>46,508,506</u>
Total liabilities	<u>312,404,106</u>	<u>430,949,059</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension	155,078	12,666
Deferred inflows of resources related to OPEB	35,367	54,387
	<u>190,445</u>	<u>67,053</u>
Net position:		
Investment in capital assets	11,633,490	16,631,275
Restricted	100,868,275	80,748,732
Unrestricted	798,407,001	795,393,075
Total net position	<u>910,908,766</u>	<u>892,773,082</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,223,503,317</u>	<u>\$ 1,323,789,194</u>

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

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
COMBINED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

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	2025	2024
OPERATING REVENUES		
Interest on loans	\$ 7,355,433	\$ 5,711,022
Income from loan and equity investments	692,227	471,864
Lease revenue	884,571	883,218
Other	447,835	486,051
	<hr/>	<hr/>
Total operating revenues	9,380,066	7,552,155
	<hr/>	<hr/>
OPERATING EXPENSES		
Administrative	6,242,457	4,731,176
Depreciation	92,682	91,022
Provision for (recoveries of) loan losses	180,757,137	225,250,912
Losses on loan and equity investments	-	505,052
	<hr/>	<hr/>
Total operating expenses	187,092,276	230,578,162
	<hr/>	<hr/>
Operating income (loss)	(177,712,210)	(223,026,007)
	<hr/>	<hr/>
NONOPERATING REVENUE (EXPENSE)		
Net, earnings on cash and investments	50,972,465	65,053,170
Interest expense	(1,425,559)	(611,827)
Payments made on behalf of the Authority	12,693	(24,858)
Loan Reimbursement CAP Program	1,650,000	3,475,000
Distributions from the State of West Virginia	144,638,295	158,739,749
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Total nonoperating revenue	195,847,894	226,631,234
	<hr/>	<hr/>
Change in net position	18,135,684	3,605,227
	<hr/>	<hr/>
NET POSITION, beginning of year	892,773,082	889,167,855
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NET POSITION, ending	\$ 910,908,766	\$ 892,773,082
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The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

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	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Cash receipts from lending, leasing, and investing activities	\$ 38,994,855	\$ 33,292,991
Cash receipts from other activities	447,835	486,051
Cash payments for:		
Loans and leases originated	(228,352,548)	(262,407,723)
Administrative expenses	(5,059,088)	(4,681,139)
Net cash used in operating activities	<u>(193,968,946)</u>	<u>(233,309,820)</u>
NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from loans payable	18,229,692	28,082,937
Principal payments on loans payable	(1,358,197)	(353,077)
Distributions received from the State of West Virginia	8,000,000	60,000,000
Distributions received from SSBCI	4,275,000	850,000
Interest paid	(1,425,559)	(611,827)
Net cash provided by non-capital financing activities	<u>27,720,936</u>	<u>87,968,033</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of real estate and equipment	(1,638)	(33,440)
Proceeds from disposal of real estate and equipment	4,906,741	-
Net cash provided by (used in) capital and related financing activities	<u>4,905,103</u>	<u>(33,440)</u>
INVESTING ACTIVITIES		
Net interest earnings	50,972,465	65,053,170
Maturity of investments	-	1,480,621
Net cash provided by investing activities	<u>50,972,465</u>	<u>66,533,791</u>
Net increase (decrease) in cash and cash equivalents	(110,370,442)	(78,841,436)
CASH AND CASH EQUIVALENTS, beginning	<u>1,116,679,137</u>	<u>1,195,520,573</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 1,006,308,695</u></u>	<u><u>\$ 1,116,679,137</u></u>
CASH AND CASH EQUIVALENTS include the following balances from the Combined Statement of Net Position		
Cash and cash equivalents	\$ 905,138,793	\$ 1,035,628,778
Restricted cash due to others	301,627	301,627
Restricted cash and cash equivalents	<u>100,868,275</u>	<u>80,748,732</u>
	<u><u>\$ 1,006,308,695</u></u>	<u><u>\$ 1,116,679,137</u></u>
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating income (loss)	\$ (177,712,210)	\$ (223,026,007)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Loans and leases originated	(226,145,554)	(259,067,971)
Principal collected on loans	30,453,012	18,903,912
Net collections on net investment in direct financing leases	1,161,746	8,547,951
Depreciation	92,682	91,022
Provision for loan and lease losses	180,757,137	225,250,913
Recoveries	10,161	21,879
Losses on loan and equity investments	-	505,052
OPEB expense - special funding	12,693	(24,858)
Changes in operating accounts:		
(Increase) decrease in accrued interest receivable	(1,562,295)	(741,804)
(Increase) decrease in loan and equity investments	(2,206,994)	(3,844,804)
(Increase) decrease in deferred outflows from pension	(83,216)	118,694
(Increase) decrease in deferred outflows from OPEB	(2,784)	32,679
Increase (decrease) in accounts payable	200,647	77,539
Increase (decrease) in accrued interest payable	35,937	1,843
Increase (decrease) in amounts due to other State agencies	966,667	66,667
Increase (decrease) in compensated absences	18,596	(8,187)
Increase (decrease) in net pension asset	(115,499)	(122,591)
Increase (decrease) in net OPEB asset	26,936	(58,417)
Increase (decrease) in deferred inflows pension	142,412	11,747
Increase (decrease) in deferred inflows OPEB	(19,020)	(45,079)
Net cash used in operating activities	<u><u>\$ (193,968,946)</u></u>	<u><u>\$ (233,309,820)</u></u>

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

**WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

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Note 1 - Description of Organization and Summary of Significant Accounting Policies

Description of entities

West Virginia Economic Development Authority (WVEDA)

The West Virginia Economic Development Authority (WVEDA) is a public corporation and government instrumentality under Chapter 31, Article 15, of the West Virginia Code (the Code). The WVEDA is administered by a nine member Board of Directors comprised of the Governor, Tax Commissioner, and seven at-large members appointed by the Governor. The WVEDA has statutory authority to borrow funds from the West Virginia Board of Treasury Investments to loan to borrowers.

Under the Code, the WVEDA is charged with the responsibility to develop and advance the business prosperity and economic welfare of the State of West Virginia by providing financial assistance in the form of loans and direct financing and operating leases to industrial development agencies and enterprises for the promotion and retention of new and existing commercial and industrial development. The WVEDA is empowered to borrow money and issue bonds, notes, commercial paper, and other debt instruments and to furnish money, credit, or credit enhancement for the promotion of business development projects. Credit enhancement is available through the WVEDA's loan guarantee programs, which were created to ensure payment or repayment of bonds and notes issued by the WVEDA and certain other public bodies, or other types of debt instruments entered into by an enterprise or state public body with a financial institution.

The WVEDA's loans are secured by deeds of trust on property, security interests in equipment, promissory notes, and, in certain cases, have supplemental collateral comprised of letters of credit, lease assignments, and/or personal guarantees. The WVEDA's loan terms are set by its Board of Directors (the Board) whose members periodically review market conditions. The amount the WVEDA may lend for projects varies depending upon the nature of the project and form of lending, as prescribed by the Board.

In evaluating how to define the WVEDA for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity is made by applying the criteria set forth in accounting principles generally accepted in the United States of America (GAAP) for governments. GAAP defines component units as those entities which are legally separate organizations for which the members of the board are financially accountable, or the organizations for which the nature and significance of their relationship with the WVEDA are such that exclusion would cause the WVEDA's statements to be misleading. In accordance with GAAP, the WVEDA's statements are prepared on a blended, or combined, basis and include the activities of the WVEDA, the West Virginia Jobs Investment Trust, the West Virginia Enterprise Advancement Corporation, and the West Virginia Enterprise Capital Fund.

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Description of entities (Continued)

West Virginia Jobs Investment Trust (the Trust)

The West Virginia Jobs Investment Trust is a public body corporate created under the provisions of Article 7, Chapter 12 of the West Virginia Code, as amended, and known as the Jobs Investment Trust Act. The mission of the Trust is to develop, promote, and expand the West Virginia economy by making investment funds available to eligible businesses, thus stimulating economic growth and providing or retaining jobs within the State of West Virginia.

On March 5, 2022 the West Virginia legislature passed and the governor signed Senate Bill 523 which went into effect on June 5, 2022. The Bill effectively terminates the historical Board of the West Virginia Jobs Investment Trust and transfers the management, administration, oversight, and responsibility of the Trust to the WVEDA. As a result, the fiscal financial reporting responsibility was transferred to the WVEDA from the previous fiscal agent, the West Virginia Housing Development Fund, on July 1, 2022.

West Virginia Enterprise Advancement Corporation (WVEAC)

The WVEAC is a nonprofit organization created to advance the economic development and social welfare of the State of West Virginia and its people. Its objectives include the promotion and assistance of business growth and development to foster increased employment opportunities throughout the State of West Virginia through the promotion and development of accessible risk capital. To further these objectives, WVEAC has invested in and is the 100% owner of the West Virginia Enterprise Capital Fund. The WVEAC is exempt from federal income tax on its exempt purpose activities as an organization described in Section 501(c)(3) of the Internal Revenue Code.

West Virginia Enterprise Capital Fund, LLC (WVECF)

The WVECF was incorporated on September 24, 2001. The WVECF is in the business of making venture capital available to companies doing business in the State of West Virginia through investments in venture capital companies as provided under the West Virginia Venture Capital Act. The WVECF is managed by its sole member, the WVEAC.

The WVECF operates as a Limited Liability Company as permitted under West Virginia State Code. As such, the WVECF's net income or loss is allocated to its sole member, a nonprofit organization, in accordance with the regulations of the Internal Revenue Service. Accordingly, no income tax provision has been included in these financial statements.

The WVEDA, the Trust, WVEAC, and the WVECF are collectively referred to as the "Authority" in these financial statements.

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Basis of presentation

The Authority is a component unit of the State of West Virginia, and is accounted for as a proprietary fund special purpose government engaged in business-type activities. In accordance with GAAP, the combined financial statements are prepared on the accrual basis of accounting with a flow of economic resources measurement focus, which requires recognition of revenue when earned and expenses when incurred.

The Authority is included in the State's financial statements as a discretely presented component unit. Because of the Authority's presentation in these financial statements as a special purpose government engaged in business-type activities, there may be differences in presentation of amounts reported in these financial statements and the financial statements of the State of West Virginia as a result of major fund determination.

Use of estimates

Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP). The significant estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of net position dates and revenues and expenses for the years then ended are those required in the determination of the allowance for credit losses, the valuation of investments in loans and equity, and the accumulated depreciation of capitalized assets. Actual results in the near-term could differ from the estimates used to prepare these financial statements.

Cash and cash equivalents

Cash and cash equivalents include short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of amounts on deposit with the State Treasurer's Office (STO) and those that are pooled funds managed by the West Virginia Board of Treasury Investments (BTI). Balances maintained in the West Virginia Money Market and West Virginia Government Money Market pools are recorded at amortized cost. Net investment income is allocated to participants in the pools based upon the funds that have been invested in each pool. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying combined financial statements.

Investments

Venture capital investments

The WVECF invests in venture capital entities which are managed by various fund managers. The investments involve risks not normally associated with investing, including equity interests in development stage companies. The risks associated with these investments are affected by many factors, such as economic outlook, ability to raise capital, and ability to attract customers. Collateral values securing venture capital investments are not readily determinable. Venture capital investments are not readily marketable, and, therefore, no quoted prices are available. The Fund manager has estimated the value of these investments after consideration of such factors as the cost of the investment, actual performance compared to expected performance, earnings potential, and other relevant factors. All venture capital investments were written down to zero during the year end June 30, 2019.

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Investments (Continued)

As the Authority's basis in the venture capital investments is zero, the Authority ceases reporting losses unless the Authority has guarantees of debt or future funding commitments. The Authority informed all remaining investees during the year ended June 30, 2019 that they would not fund any future capital calls, therefore, there are no remaining commitments to fund.

Investments in loans and equity

The Trust invests in entities by providing loans and capital in the form of equity investments. Equity investments in non-consolidated investee entities are accounted for using the equity method or cost basis depending upon the level of ownership and/or the Authority's ability to exercise significant influence over the operating and financial policies of the investee. Equity investments owned less than 20 percent are recorded using the cost basis and equity investments in more than 20 percent of the outstanding stock of the investees are accounted for using the equity method. There are no consolidated investee entities that require consolidation under GAAP. When the equity method is used, equity investments are recorded at original cost and adjusted periodically to recognize the Authority's proportionate share of the investees' net income or losses after the date of investment, as well as by any dividend received. When net losses from an investment accounted for under the equity method exceed its carrying amount, the investment balance is reduced to zero and additional losses are not provided for. The Authority resumes accounting for the investment under the equity method if the entity subsequently reports net income and the Authority's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended. Investments are written down only when there is clear evidence that a decline in value that is other than temporary has occurred. Dividends from equity investments carried at cost are recognized as revenue when received. Investments are regularly evaluated for declines in carrying value considered to be other than temporary by management. Because of uncertainties in the estimation process, estimated values may change in the near term and those changes may be material.

Loans to investees are stated at unpaid principal balances, net of any reserve for loan losses based upon a specific identification method as approved by the Board of Directors. Applied loan loss reserves reflect management's and the Board of Directors judgement of probable loan losses inherent in the investee portfolio at the statement of net position date. The Board of Directors uses at least an annual process to establish the reserve for loan losses. The evaluation process used by management and the Board of Directors relies on a consistent analysis of investee loans, significant judgment in determining the estimation method that fits the characteristics of each investee loan, including responses to changes in economic conditions, financial condition, leadership in investee organizations, business and product development, and any collateral, among other influences. From time to time, events or other factors may also affect the analysis of investee loan balances. Additions to loan loss reserves are reflected in the statement of revenues, expenses, and changes in net position as losses on loan and equity investments. Interest on loans is recognized over the term of the loan and is calculated using the stated or modified terms on each applicable loan based on principal amounts outstanding. Loans made by the Trust involve venture risks not normally associated with commercial lending, including loans to development stage companies, and are considered investments in the entities that have the potential to be converted to equity interests at a later date. Accordingly, the Trust's investments in loans are reported separately from the Authority's loans receivable related to traditional commercial lending activities on the statement of net position.

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Loans

The Authority extends commercial loans to customers. A substantial portion of the loan portfolio is represented by commercial loans throughout West Virginia. The ability of the Authority's debtors to honor their contracts is dependent upon the operating results of the customers and the value of real and personal property held as collateral.

Loans are stated at unpaid principal balances, net of the allowance for credit losses.

Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding.

Allowance for loan and credit losses

The allowance for loan and credit losses consists of an allowance for loan losses on outstanding loans and certain credit financial instruments of the Authority.

The allowance for credit losses reflects management's judgment of probable loan losses inherent in the portfolio at the statement of net position date. The Authority uses a process to establish the allowance for credit losses semi-annually. To determine the total allowance for credit losses, management estimates the reserves needed for each loan. The allowance for credit losses consists of amounts applicable to the commercial, service, and industrial portfolios. Loans within these portfolios are secured by real estate, equipment, both real estate and equipment, and other assets. Additionally, certain loans within the portfolios are performance based loans which are unsecured.

The establishment of the allowance for credit losses relies on a consistent process that requires layers of management review and significant judgment in determining the estimation method that fits the credit risk characteristics of each portfolio segment, including responses to changes in economic conditions, customer behavior, and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts or to release balances from the allowance for credit losses. The Authority's allowance for credit losses is sensitive to risk ratings assigned to individually evaluated loans and economic assumptions. Individual loan risk ratings are evaluated based on each specific situation by experienced staff.

Management monitors differences between estimated and actual incurred loan losses. This monitoring process includes periodic assessments by staff of loan portfolio performance. Additions to the allowance for credit losses are made by charges to the provision for loan losses. Credit exposures deemed to be uncollectible are charged against the allowance for credit losses. Recoveries of previously charged off amounts are credited to the allowance for credit losses.

Real estate and equipment held under lease

Real estate and equipment held under lease are carried at cost or, if contributed, at the market value of the property as of the date contributed. Depreciation on equipment and buildings is computed using the straight-line method with estimated useful lives of 5 to 40 years.

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Compensated absences

The Authority accounts for compensated absences in accordance with the provisions of GASB. Under GASB 101, compensated absences include vacation, sick leave, and other paid leave benefits for which employees are entitled to receive compensation. A liability is recognized when the leave is attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through paid time off or cash payments. The liability is measured using an employee's pay rate as of the financial reporting date and includes salary-related payments, such as the employer's share of payroll taxes and contributions to the WV Public Employees Retirement System (PERS).

GASB requires entities to accrue for employees' rights to receive compensation for vacation and/or sick leave that has been earned, accumulated, and is anticipated to be used, paid out, or otherwise settled using current pay rates.

Full-time employees earn between 9.2 and 14.8 annual leave hours per month based on length of service and are entitled to compensation for accumulated unpaid vacation leave upon termination. The Authority's full-time employees earn 11.1 sick leave hours for each month of service and unpaid sick leave is generally forfeited upon termination; however, employees hired prior to July 1, 2001 can convert unpaid sick leave to OPEB premiums upon termination.

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 certain pension and OPEB related amounts as deferred outflows of resources on the combined statement of net position.

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

Unearned lease revenue

The Authority reports lease payments received in advance as unearned lease revenue and recognizes lease revenue over the remaining term of the lease.

Deferred revenue

The Authority reports funds received in advance for which expenditures will be incurred in future years as deferred revenue.

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Net position

The Authority displays net position in three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - This component of net position consists primarily of capital assets, including restricted capital assets (if any), net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Restricted net position consists of assets whose use or availability has been externally restricted, and the restrictions limit the Authority's ability to use the resources to pay current liabilities. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed.

Unrestricted Net Position - Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." In the governmental environment, net position is often designated to indicate that management does not consider it to be available for general operations. These types of constraints on resources are internal, and management can remove or modify them. Such internal designations are not reported on the face of the statement of net position.

Operating revenues and expenses

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

Nonoperating revenues and expenses

Nonoperating revenues and expenses include activities that do not have the characteristics of operating revenues and expenses, such as contributions, investment income, other revenues, and interest expense that are defined as nonoperating by GAAP.

Pension

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

Note 1 - Description of Organization and Summary of Significant Accounting Policies (Continued)

Postemployment benefits other than pensions (OPEB)

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the RHBT and additions to/deductions from RHBT's fiduciary net position have been determined on the same basis as they are reported by The West Virginia Retiree Health Benefit Trust Fund (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.

Loan insurance program

The Authority extends non-exchange financial guarantees under its Loan Insurance Program. This program administered by the Authority, provides up to a 90% guarantee of actual loss from a bank to its borrower. The maximum liability to the Authority may not exceed \$500,000 per transaction. The Authority is required to recognize a liability when qualitative, historical and other factors indicate that it is more likely than not that the Authority will be required to make a payment on the financial guarantee, including the evaluation of whether the participating bank has liquidated all collateral of the borrower, including the pursuit of personal guarantees.

Broadband loan insurance program

House Bill 3093 enacted by the West Virginia Legislature on April 8, 2017 and effective as of July 7, 2017 provided that the BTI would provide up to \$50,000,000 to the Authority to provide loan insurance for debt instruments to expand broadband within West Virginia subject to the requirements set forth in the legislation.

Senate Bill 295 enacted by the West Virginia Legislature on March 15, 2021 and in effect from passage amended the amount that the BTI would provide up to \$80,000,000 to the Authority to provide loan insurance for debt instruments to expand broadband within West Virginia subject to the requirements set forth in the legislation.

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified with the 2025 presentation. Such reclassifications had no effect on the 2024 net position or changes in net position.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 2 - Cash and Cash Equivalents

At June 30, 2025 and 2024, the carrying amount of deposits with financial institutions, the STO, and the BTI were as follows:

	2025	2024
Deposits:		
WV Money Market Pool at BTI	\$ 987,694,661	\$ 1,108,537,020
WV Government Money Market Pool at BTI	12,203,005	1,670,685
Cash held at State Treasurer's Office	6,409,608	6,470,011
Cash held at outside financial institutions	1,421	1,421
	<u>\$ 1,006,308,695</u>	<u>\$ 1,116,679,137</u>

The State Treasurer has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards and commissions and transfers funds to the BTI for investment in accordance with West Virginia statutes, policies set by the BTI and by provisions of bond indentures and trust agreements when applicable and thus the Authority follows these investment policies.

In accordance with West Virginia Code §31-15-23, the economic development fund, to which shall be credited any appropriation made by the Legislature to the authority, any funds which the authority is authorized to receive under any provision of this code, other funds which the board directs to be deposited into the fund, and such other deposits as are provided for in this section, is hereby continued in the state treasury as a special account. Whenever the Authority determines that the balance in the fund is in excess of the immediate requirements for loans, it may request that such excess be invested until needed for loan purposes, in which case such excess shall be invested in a manner consistent with the investment of other temporary state funds. If the Authority determines that funds held in the fund are in excess of the amount needed to carry out the purposes of this article, it may take such action as is necessary to release such excess and transfer it to the general fund of the treasury.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Two of the BTI pools, the WV Money Market and WV Government Money Market Pools, have been rated AAAM by Standard & Poor's. A fund rated AAAM has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAM is the highest principal stability fund rating assigned by Standard & Poor's. Neither the BTI itself nor any other of the BTI pools or accounts has been rated for credit risk by any organization.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt to be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 or higher by Standard & Poor's (or its equivalent).

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 2 - Cash and Cash Equivalents (Continued)

Credit risk (Continued)

At June 30, 2025 and 2024, the WV Money Market Pool investments had a total carrying value of \$8,626,410,000 and \$9,605,111,000, respectively, of which the Authority's ownership represents 11.5% and 11.5%, respectively. The following table provides information on the credit ratings of the WV Money Market pool's investments (in thousands):

Security Type	Rating	2025	
		Carrying Value (In Thousands)	Percent of Pool Assets
Corporate Bonds and Notes	A-1+	\$ 35,000	0.40%
Commercial Paper	A-1+	3,314,070	38.42
	A-1	2,751,539	31.90
Negotiable certificates of deposit	A-1+	841,000	9.75
	A-1	696,010	8.07
Money market funds	AAAm	3,691	0.04
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	846,600	9.81
U.S. Agency bonds and notes	AA+	138,500	1.61
		<u>\$ 8,626,410</u>	<u>100.00%</u>

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

Security Type	Rating	2024	
		Carrying Value (In Thousands)	Percent of Pool Assets
Commercial Paper	A-1+	\$ 3,626,718	37.76%
	A-1	3,636,575	37.85
Negotiable certificates of deposit	A-1+	844,998	8.80
	A-1	709,000	7.38
Money market funds	AAAm	2,820	0.03
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	134,000	1.40
U.S. Agency bonds and notes	AA+	651,000	6.78
		<u>\$ 9,605,111</u>	<u>100.00%</u>

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

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 2 - Cash and Cash Equivalents (Continued)

Credit risk (Continued)

At June 30, 2025 and 2024, the WV Government Money Market Pool investments had a total carrying value of \$572,557,000 and \$476,174,000, respectively of which the Authority's ownership represents 2.1% and 0.4%, respectively. The following table provides information on the credit ratings of the WV Government Money Market pool investments (in thousands):

Security Type	Rating	2025	
		Carrying Value (In Thousands)	Percent of Pool Assets
U.S. Treasury notes*	AA+	\$ 99,916	17.45%
U.S. Treasury bills*	A-1+	95,693	16.71
U.S. agency bonds and notes	AA+	101,440	17.72
Money market funds	AAAm	108	0.02
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	135,400	23.65
U.S. Agency bonds and notes	AA+	140,000	24.45
		<u>\$ 572,557</u>	<u>100.00%</u>

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

Security Type	Rating	2024	
		Carrying Value (In Thousands)	Percent of Pool Assets
U.S. Treasury notes*	AA+	\$ 59,829	12.56%
U.S. Treasury bills*	A-1+	253,430	53.22
U.S. agency bonds and notes	AA+	31,000	6.51
Money market funds	AAAm	215	0.05
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	105,000	22.05
U.S. Agency bonds and notes	AA+	26,700	5.61
		<u>\$ 476,174</u>	<u>100.00%</u>

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

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 2 - Cash and Cash Equivalents (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool at June 30, 2025 and 2024:

Security Types	2025	
	Carrying Value (in Thousands)	WAM (Days)
Corporate bonds and notes	\$ 35,000	1
Commercial paper	6,065,609	46
Negotiable certificates of deposit	1,537,010	49
Repurchase agreements	985,100	1
Money market funds	3,691	1
	<u>\$ 8,626,410</u>	41

Security Types	2024	
	Carrying Value (in Thousands)	WAM (Days)
Commercial paper	\$ 7,263,293	36
Negotiable certificates of deposit	1,553,998	50
Repurchase agreements	785,000	3
Money market funds	2,820	3
	<u>\$ 9,605,111</u>	36

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 2 - Cash and Cash Equivalents (Continued)

Interest Rate Risk (Continued)

The overall weighted average maturity of the investments of the WV Government 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 Government Money Market Pool:

Security Types	2025	
	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury notes	\$ 99,916	67
U.S. Treasury bills	95,693	31
U.S. Agency bonds and notes	101,440	49
Repurchase agreements	275,400	1
Money market funds	108	1
	<u>\$ 572,557</u>	26

Security Types	2024	
	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury notes	\$ 59,829	15
U.S. Treasury bills	253,430	77
U.S. Agency bonds and notes	31,000	3
Repurchase agreements	131,700	3
Money market funds	215	3
	<u>\$ 476,174</u>	44

Other Risks of Investing

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

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

Note 2 - Cash and Cash Equivalents (Continued)

Other Risks of Investing (Continued)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the BTI investment pools or accounts hold interests in foreign currency or interests valued in foreign currency.

Cash held in outside financial institutions

Limited cash and cash equivalents are held outside of the STO and the BTI and consist of demand deposits maintained with high credit quality financial institutions. At times, the balances with the institutions may exceed amounts covered by FDIC insurance limit; however, management believes that the financial institutions are credit worthy.

Note 3 - Restricted Net Position

The West Virginia Legislature enacted legislation creating and funding a program to enhance the availability of loans from commercial lending institutions for economic development purposes. Cash balances relating to this program are invested in the BTI's amortized cost investment pools and have been set aside, together with interest earnings thereon, to meet these objectives by serving to guarantee portions of certain loans made for economic development purposes. See Note 11 to the financial statements for further disclosure of the guarantee program.

The West Virginia Legislature enacted legislation creating and funding a program to make available insurance on qualifying debt instruments for the purpose of the deployment of broadband in West Virginia, subject to certain legislative restrictions. Cash balances relating to this program are invested in the BTI's amortized cost investment pools and have been set aside, together with interest earnings thereon, to meet these objectives by serving this restrictive purpose. The restricted net position balances for these two programs amounted to \$100,868,275 and \$80,748,732, respectively, at June 30, 2025 and 2024.

Note 4 - Investments in Loans and Equity Securities of Investee Companies (the Trust)

In accordance with the mission of the Trust, the investments in loans and equities described below provide capital to companies involved in job producing economic development activities. These transactions involve venture risks not normally associated with commercial lending and investing, including loans and equity interests in development stage companies. In most cases, judgement as to recoverability or valuation are highly dependent upon intangibles such as patents, unique technologies or processes, or inventions rather than the recent financial results of the investee companies, many of whom may have yet to yield significant revenues or are experiencing operating losses. Future events including among other things, the ability of the investee companies to raise capital from outside investors, commence production, or acquire customer contracts, will be key to recoverability. The Authority has considered these factors in determining whether or not loans are collectible or whether other than temporary impairment of investments has occurred.

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Note 4 - Investments in Loans and Equity Securities of Investee Companies (the Trust) (Continued)

The following is a reconciliation of the beginning and ending balances for investments in loans and equities during the years ended June 30, 2025 and 2024, respectively:

Balance, June 30, 2023	<u>\$ 6,502,242</u>
Total gains or losses (unrealized/realized) included in earnings and repayments on investments	(714,498)
Purchases, issuances, and settlements	<u>4,054,250</u>
Balance, June 30, 2024	<u>\$ 9,841,994</u>
Total gains or losses (unrealized/realized) included in earnings and repayments on investments	(192,997)
Purchases, issuances, and settlements	<u>2,399,991</u>
Balance, June 30, 2025	<u><u>\$ 12,048,988</u></u>

Loans and equity investments consisted of the following at June 30, 2025:

Loans:	Principal or Shares	Carrying Value
AmeriCarbon, LLC		
7% note, due January 31, 2026 (extended from original due date of January 31, 2025)	1,250,000	\$ 1,250,000
Greenbrier Technical Services, Inc.		
8% note, due February 1, 2026 (extended from original due date of April 19, 2017)	10,553	10,553
EcoC2 Industries, LLC		
7% note, due July 27, 2025 (extended from original due date of February 11, 2024)	100,000	100,000
8% note, due July 27, 2025	200,000	200,000
Performance Ally, LLC		
8% note, due November 28, 2025	750,000	750,000
Realx Ventures, Inc.		
9.5% note, due December 31, 2026	500,000	500,000
Wright Wold Scientific, LLC		
10% note, due September 30, 2025 (extended from original due date of January 31, 2022)	125,000	<u>125,000</u>
		<u><u>\$ 2,935,553</u></u>

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Note 4 - Investments in Loans and Equity Securities of Investee Companies (the Trust) (Continued)

Equities:	<u>Principal or Shares</u>	<u>Carrying Value</u>
American Benefit Corporation Series A preferred stock	825	\$ 699,650
ABC Holding Company Common stock	517	499,230
Endolumik Series A-1 preferred stock	87,972	980,000
Series A-4 preferred stock	78,616	999,991
GATC West Virginia, Inc. Class B Common Stock	400,000	2,000,000
InspectionGo, Inc. Series A-2 preferred stock	7,430,771	1,038,823
Series A-3 preferred stock	9,267,841	1,000,000
Core10, Inc. Series A preferred stock	68,750	545,000
Realx Ventures, Inc. Common and preferred stock	180,845	<u>1,350,741</u>
		<u>\$ 9,113,435</u>

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Note 4 - Investments in Loans and Equity Securities of Investee Companies (the Trust) (Continued)

Loans and equity investments consisted of the following at June 30, 2024:

Loans:	Principal or Shares	Carrying Value
AmeriCarbon, LLC 7% note, due January 31, 2025	1,250,000	\$ 1,250,000
Greenbrier Technical Services, Inc. 8% note, due February 1, 2026 (extended from original due date of April 19, 2017)	78,719	78,719
EcoC2 Industries, LLC 7% note, due July 27, 2026 (extended from original due date of February 11, 2024)	100,000	100,000
8% note, due July 27, 2026	200,000	200,000
Performance Ally, LLC 8% note, due November 28, 2025	350,000	350,000
Realx Ventures, Inc. 9.5% note, due December 31, 2026	500,000	500,000
Wright World Scientific, LLC 10% note, due September 30, 2024 (extended from original due date of January 31, 2022)	125,000	125,000
West Virginia Laboratories, LLC 0% note, payable from revenue agreement, due September 30, 2026	124,831	124,831
		<u>\$ 2,728,550</u>

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Note 4 - Investments in Loans and Equity Securities of Investee Companies (the Trust) (Continued)

Equities:	Principal or Shares	Carrying Value
American Benefit Corporation Series A preferred stock	825	\$ 699,650
ABC Holding Company Common stock	517	499,230
Endolumik Series A-1 preferred stock	87,972	980,000
GATC West Virginia, Inc. Class B Common Stock	400,000	2,000,000
InspectionGo, Inc. Series A-2 preferred stock	7,430,771	1,038,823
Core10, Inc. Series A preferred stock	68,750	545,000
Realx Ventures, Inc. Common and preferred stock	180,845	1,350,741
		<u>\$ 7,113,444</u>

American Benefit Corporation provides comprehensive support related to employee benefit, actuarial, and pension services.

ABC Holding Company was formed in December 2013 following ABC's acquisition of Cincinnati-based TPA, Stoner & Associates. ABC provides intelligent planning, management, and administrative support on employee health plans.

Greenbrier Technical Services, Inc. (GTS), founded in 1989, provides engineering solutions to the banking, elevator equipment and mining industries. The Company has two major components: manufacturing and repair. GTS manufactures replacement parts, repairs printed circuit boards and modules, provides parts sourcing services, engineering and reverse engineering services. GTS has a flexible manufacturing facility capable of fulfilling orders in quantities from one to thousands.

EcoC2 Industries, LLC is a company poised to lead economic decarbonization of plastics manufacturing, one of the most significant sources of man-made greenhouse gas emissions on the planet. This dramatic impact is made possible by the convergence of the following forces: (i) development of the Company's proprietary technology, which employs patent-pending innovation built upon decades of industry-wide research; (ii) opportune timing in the shale gas development cycle; and (iii) market-driven and political prioritization on environmental sustainability.

Note 4 - Investments in Loans and Equity Securities of Investee Companies (the Trust) (Continued)

Core10, Inc. is a 100% U.S. based software development company that creates financial technology solutions for the banking, healthcare, insurance and retail sectors, among others. Shared between Tennessee and West Virginia, the talent base provided by Core 10 is very highly regarded while mitigating problems associated with off shoring. The Company is headquartered in Nashville, TN with an innovation center in Huntington, WV. The new innovation center enables the Company to compete with traditional IT outsourcing by offering high level product design on a very competitive pricing model.

Wright Wold Scientific, LLC (dba SwifTag) is a West Virginia based Limited Liability Corporation. SwifTag began to develop a streamlined process for inventory and identification of laboratory animals. The SwifTag system used RFID technology to seamlessly integrate animal tagging and tracking in an efficient and hands-off manner. The information gathered through the RFID tag can be sent to a digital receiving unit to be uploaded into a software system.

InspectionGo, Inc. is a privately held company located in Morgantown, West Virginia. The company has developed the "iGO" platform to help home inspection companies with all their core business needs. The following services are available: mobile booking platform ("iGO Demand"), bookkeeping services ("iGO Accounting/Services"), training ("iGO Academy"), and a community to provide marketing strategies as well as coaching from other successful companies ("iGO Community").

RealX Ventures, Inc. is a SaaS company that operates the nation's first and largest exchange to connect landowners with energy developers who want to lease or purchase property for solar and wind. Over 6 million acres and 100K + commercial rooftops will be leased/purchased over the next decade to reach the Country's renewable energy goals (50% by 2050).

West Virginia Laboratories, LLC. (WV Labs) is a start-up, for-profit business in Charleston, WV that is committed to becoming a trusted leader in service excellence and innovative quality solutions within the clinical laboratory service industry. The mission of WV Labs is to bring critical lifesaving services, advanced technology, and innovative solutions to underserved communities. Their vision is a connected WV healthcare system in which streamlined data collection and sharing improves patient outcomes and the overall health of the population. Ultimately, their goal is to interrupt the progression of disease, treat it more effectively, find cures, and prevent it.

AmeriCarbon, LLC (AmeriCarbon) was formed for the purpose of revolutionizing the coal tar pitch industry. Traditionally, firms harvest coal tar pitch as a byproduct of coking ovens in the steel-making process. AmeriCarbon produces their proprietary eco-pitch through direct coal liquefaction, a process that bypasses the predominantly offshore steel industry and creates highly refined coal tar pitch with quality levels exceeding normative industry standards. AmeriCarbon's processes onshore critical American supply chain components while increasing pitch quality.

Endolumik has created a surgical device that offers a novel solution to a pressing problem in sleeve gastrectomy procedures used to combat obesity.

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Note 4 - Investments in Loans and Equity Securities of Investee Companies (the Trust) (Continued)

GATC Health Corp. (GATCH) was formed in Wyoming on May 16th, 2020, with the subsidiary GATC West Virginia (GATCWV) forming on February 7th, 2023. GATC created the “Multi-omics Advanced Technology” (MAT) platform, an advanced AI platform using multi-omics and machine learning to discover, develop, and enhance therapeutics. GATCWV plans on leasing space in the Mylan pharmaceutical manufacturing facility from the West Virginia University Innovation Corporation (WVUIC). GATC West Virginia, Inc. (GATCWV) plans on using this space for novel drug research and testing for several afflictions, including those with regional/cultural interests (Ex: Black Lung).

Performance Ally, LLC, located in Fairmont, WV, is a SaaS company focused on improving workplace productivity by implementing positive vital behaviors at an organizational level. Performance Ally is currently focused on improving behaviors in the healthcare industry to improve patient outcomes and reduce organizational friction amongst care teams, support staff, and leaders.

Note 5 - Loans (WVEDA)

Loans by class are summarized as follows at June 30, 2025 and 2024, respectively:

	2025	2024
Commercial:		
Real estate	\$ 235,001,981	\$ 155,385,534
Real estate and equipment	34,106,438	27,926,536
Equipment	11,712,053	8,083,870
Unsecured	76,640,000	46,640,000
Service:		
Real estate	18,736,375	19,423,843
Real estate and equipment	1,888,054	2,067,026
Equipment	1,877,725	2,066,886
Other	1,845,944	1,934,092
Unsecured	2,160,000	2,160,000
Industrial:		
Real estate	22,003,403	31,688,769
Real estate and equipment	11,056,211	9,330,915
Equipment	64,274,004	8,867,660
Other	9,552,747	10,754,728
Unsecured	112,667,466	81,500,000
Total loans receivable	603,522,401	407,829,859
Less allowance for credit loss	(443,101,663)	(262,334,365)
Loans receivable net of allowance	160,420,738	145,495,494
Less current portion	(11,377,849)	(10,694,190)
Noncurrent loans receivable	\$ 149,042,889	\$ 134,801,304

The Authority’s loans have been extended to customers operating in West Virginia.

Note 5 - Loans (WVEDA) (Continued)

Commercial loans may be collateralized by the assets underlying the borrower's business such as equipment, inventory, or real property. Commercial real estate loans are generally secured by the underlying real property. The ultimate collectability of a substantial portion of the Authority's loan portfolio is susceptible to changes in the local market conditions.

In fiscal year 2024, the Authority began issuing performance loans. As an economic development incentive, these loans are forgivable if certain performance requirements are met by the borrower within the specified timeframe. The performance loans make up the majority of the "unsecured" category in the Authority's loan portfolio, meaning there is no collateral. The Authority has no reason to suspect that the performance requirements placed on the borrowers will not be met, therefore, does not expect to recoup the associated loan principal.

In fiscal year 2025, the Authority has classified loans totaling approximately \$88,000,000 in the noncurrent loans receivable figure above despite the loans having maturity dates within 12 months from the year ended June 30, 2025. These loans were originated as high impact economic development projects or were funded with certain performance requirements that allow for full forgiveness if the performance requirements are met. Due to the absence of expected repayment, the Authority has recorded the entire loan balance along with an offsetting \$88,000,000 allowance for credit losses as noncurrent loans receivable.

Note 6 - Loan Credit Quality

Management monitors the credit quality of loans on an ongoing basis. Measurement of delinquency and past due status are based on the contractual terms of each loan.

For all loan classes, past due loans are reviewed on a monthly basis to identify loans for nonaccrual status. Generally, when full collection of the principal and interest is jeopardized, the loan is placed on nonaccrual. The accrual of interest income generally is discontinued when a loan becomes 90 days or more past due as to principal or interest. However, regardless of the delinquency status, if a loan is fully secured or in the process of collection and resolution of collection is expected in the near term (generally less than 90 days), then the loan may not be placed on nonaccrual. When interest accruals are discontinued, unpaid interest recognized in income in the current year is reversed, and unpaid interest accrued in prior years is charged to the allowance for credit losses. The Authority's method of income recognition for loans that are classified as nonaccrual is to recognize interest income on a cash basis or to apply the cash receipt to principal when the ultimate collectability of the principal is in doubt. Management may elect to continue the accrual of interest when the estimated net realized value of collateral exceeds the principal balance and accrued interest, and the loan is in the process of collection.

Nonaccrual loans will not normally be returned to accrual status unless all past due principal and interest have been paid.

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Note 6 - Loan Credit Quality (Continued)

The following table sets forth the Authority's age analysis of its past due loans at June 30, 2025 and 2024, respectively, segregated by class of loans:

June 30, 2025	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More Past Due	Total Past Due	Current	Total Loans Receivable	90 Days Or More and Accruing
Secured by real estate:							
Commercial	\$ 306,507	\$ -	\$ 894,458	\$ 1,200,965	\$ 233,801,016	\$ 235,001,981	\$ -
Service	-	-	7,057,026	7,057,026	11,679,349	18,736,375	-
Industrial	-	-	6,432,268	6,432,268	15,571,135	22,003,403	5,209,755
Secured by equipment:							
Commercial	-	-	-	-	11,712,053	11,712,053	-
Service	-	-	-	-	1,877,725	1,877,725	-
Industrial	-	-	480,665	480,665	63,793,339	64,274,004	-
Secured by real estate & equipment:							
Commercial	-	-	-	-	34,106,438	34,106,438	-
Service	-	-	-	-	1,888,054	1,888,054	-
Industrial	-	-	2,320,372	2,320,372	8,735,839	11,056,211	2,320,372
Other:							
Service	-	-	-	-	1,845,944	1,845,944	-
Industrial	-	-	-	-	9,552,747	9,552,747	-
Unsecured:							
Commercial	-	-	-	-	76,640,000	76,640,000	-
Service	-	-	-	-	2,160,000	2,160,000	-
Industrial	-	-	-	-	112,667,466	112,667,466	-
Total	\$ 306,507	\$ -	\$ 17,184,789	\$ 17,491,296	\$ 586,031,105	\$ 603,522,401	\$ 7,530,127

June 30, 2024	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More Past Due	Total Past Due	Current	Total Loans Receivable	90 Days Or More and Accruing
Secured by real estate:							
Commercial	\$ -	\$ -	\$ 907,966	\$ 907,966	\$ 154,477,568	\$ 155,385,534	\$ 907,966
Service	-	-	7,057,026	7,057,026	12,366,817	19,423,843	7,057,026
Industrial	-	-	1,332,690	1,332,690	30,356,079	31,688,769	-
Secured by equipment:							
Commercial	-	6,066	-	6,066	8,077,804	8,083,870	-
Service	-	-	-	-	2,066,886	2,066,886	-
Industrial	-	-	571,378	571,378	8,296,282	8,867,660	571,378
Secured by real estate & equipment:							
Commercial	-	-	-	-	27,926,536	27,926,536	-
Service	-	-	-	-	2,067,026	2,067,026	-
Industrial	-	-	85,108	85,108	9,245,807	9,330,915	85,108
Other:							
Service	-	-	-	-	1,934,092	1,934,092	-
Industrial	-	-	-	-	10,754,728	10,754,728	-
Unsecured:							
Commercial	-	-	-	-	46,640,000	46,640,000	-
Service	-	-	-	-	2,160,000	2,160,000	-
Industrial	-	-	-	-	81,500,000	81,500,000	-
Total	\$ -	\$ 6,066	\$ 9,954,168	\$ 9,960,234	\$ 397,869,625	\$ 407,829,859	\$ 8,621,478

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Note 6 - Loan Credit Quality (Continued)

The Authority generally places loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain, part of the principal balance has been charged off and no restructuring has occurred, or the loans reach a certain number of days past due. The following table sets forth the Authority's nonaccrual loans, segregated by class of loans (as applicable) as of June 30, 2025 and 2024, respectively:

	2025		2024	
	Balance	Allowance	Balance	Allowance
Secured by real estate:				
Commercial	\$ 894,458	\$ 794,000	\$ -	\$ -
Service	7,057,026	5,850,000	-	-
Industrial	1,222,513	1,100,000	1,332,690	1,100,000
Secured by equipment:				
Industrial	480,665	480,665	-	-
Secured by real estate and equipment:				
Commercial	2,694,571	1,250,000	2,814,571	1,250,000
Total	<u>\$ 12,349,233</u>	<u>\$ 9,474,665</u>	<u>\$ 4,147,261</u>	<u>\$ 2,350,000</u>

There were no loans modified as TDRs during the years ended June 30, 2025 and June 30, 2024.

There have been no loans modified as TDRs within the previous twelve months that have subsequently defaulted as of June 30, 2025 and 2024, respectively.

As of June 30, 2025 and 2024, respectively, there are no commitments to lend additional funds to any borrower whose loan terms have been modified in a troubled debt restructuring.

The Authority assigns credit quality indicators of pass, special mention, substandard, doubtful, and loss to its loans. The loans are internally assigned a grade based on a combination of the known creditworthiness of the borrower and on the loan's delinquency status. The Authority updates these grades on a semi-annual basis.

A loan classified as pass has strong asset quality and liquidity along with a multi-year track record of profitability.

Special mention loans have a potential weakness that deserves management's close attention. If left unmonitored, these potential weaknesses may result in deterioration of the repayment prospects for such loans or the borrower's credit position at some future date. Adverse economic or market conditions may also support a special mention rating. Other nonfinancial reasons for rating a credit exposure as special mention can include known borrower problems, pending litigation, or lending agreement issues.

A substandard loan contains weaknesses that, if left uncorrected, create some degree of doubt as to the likelihood of full collection of principal and interest. These loans require intensive supervision by management. Such loans are generally characterized by current or expected unprofitable operations, inadequate debt service coverage, inadequate liquidity, or marginal capitalization. Repayment may depend on collateral or other credit risk mitigants.

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Note 6 - Loan Credit Quality (Continued)

A loan classified as doubtful exhibits all the weaknesses inherent in one classified as substandard with the additional characteristic that the weaknesses make its collection in full, based on currently existing facts, conditions, and values, highly questionable and improbable. A doubtful loan has a high probability of total or substantial loss, but because of specific pending events that may strengthen the credit, its classification as loss is deferred at the present time. Doubtful borrowers are usually in default, lack adequate liquidity or capital, and lack the resources necessary to remain operationally solvent. Specific pending events may include mergers, acquisitions, liquidations, capital injections, the perfection of liens of additional collateral, the valuation of collateral, and refinancing. Generally, credit exposures are charged-off prior to being classified as doubtful.

Loans classified as loss are loans with expected loss of entire principle balance. The loan may be carried in this classified status if circumstances indicate a remote possibility that the amount will be repaid.

The following table sets forth the Authority's credit quality indicators information at June 30, 2025 and 2024, respectively, segregated by class of loans (there were no loans graded as loss):

June 30, 2025	Pass	Special Mention	Sub- Standard	Doubtful	Total
Secured by real estate:					
Commercial	\$ 39,705,626	\$ 35,104,096	\$ 291,106	\$159,901,153	\$ 235,001,981
Service	2,504,078	9,175,271	7,057,026	-	18,736,375
Industrial	11,521,552	9,194,420	1,287,431	-	22,003,403
Secured by equipment:					
Commercial	10,638,440	1,073,613	-	-	11,712,053
Service	1,877,725	-	-	-	1,877,725
Industrial	9,310,861	4,482,478	-	50,480,665	64,274,004
Secured by real estate and equipment:					
Commercial	15,713,550	15,698,317	2,694,571	-	34,106,438
Service	1,401,974	486,080	-	-	1,888,054
Industrial	4,868,947	3,623,288	63,976	2,500,000	11,056,211
Other:					
Service	1,845,944	-	-	-	1,845,944
Industrial	-	9,552,747	-	-	9,552,747
Unsecured:					
Commercial	-	-	-	76,640,000	76,640,000
Service	-	-	-	2,160,000	2,160,000
Industrial	-	-	-	112,667,466	112,667,466
Total	<u>\$ 99,388,697</u>	<u>\$ 88,390,310</u>	<u>\$ 11,394,110</u>	<u>\$404,349,284</u>	<u>\$ 603,522,401</u>

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Note 6 - Loan Credit Quality (Continued)

June 30, 2024	Pass	Special Mention	Sub- Standard	Doubtful	Total
Secured by real estate:					
Commercial	\$ 16,762,855	\$ 36,717,019	\$ 304,615	\$101,601,045	\$ 155,385,534
Service	2,629,465	9,737,352	7,057,026	-	19,423,843
Industrial	11,136,698	18,149,348	2,402,723	-	31,688,769
Secured by equipment:					
Commercial	6,907,916	1,169,889	6,065	-	8,083,870
Service	2,066,886	-	-	-	2,066,886
Industrial	7,671,496	624,786	-	571,378	8,867,660
Secured by real estate and equipment:					
Commercial	8,650,272	16,461,693	2,814,571	-	27,926,536
Service	1,548,490	518,536	-	-	2,067,026
Industrial	5,060,912	3,877,629	392,374	-	9,330,915
Other:					
Service	1,934,092	-	-	-	1,934,092
Industrial	-	10,754,728	-	-	10,754,728
Unsecured:					
Commercial	-	-	-	46,640,000	46,640,000
Service	-	-	-	2,160,000	2,160,000
Industrial	-	-	-	81,500,000	81,500,000
Total	<u>\$ 64,369,082</u>	<u>\$ 98,010,980</u>	<u>\$ 12,977,374</u>	<u>\$232,472,423</u>	<u>\$ 407,829,859</u>

Note 7 - Allowance for Credit Losses

The allowance for credit losses is management's estimate of the probable credit losses inherent in the loan portfolio. Management's evaluation of the adequacy of the allowance for credit losses and the appropriate provision for credit losses is based upon a semi-annual evaluation of the portfolio. This evaluation is inherently subjective and requires significant estimates, including the amounts and timing of estimated future cash flows and consideration of current economic trends, all of which are susceptible to constant and significant change. Allocations are made for specific loans based upon management's estimate of the borrowers' ability to repay and other factors impacting collectability. In addition, a portion of the allowance accounts for the inherent imprecision in the allowance for credit losses analysis.

Loans deemed to be uncollectible are charged against the allowance for credit losses, while recoveries of previously charged-off amounts are credited to the allowance for credit losses. When a loan or a portion of a loan is identified to contain a loss, a charge-off recommendation is directed to management to charge off all or a portion of that loan.

If secured, the charge-off is generally made to reduce the loan balance to a level equal to the liquidation value of the collateral when payment of principal and interest is 120 days delinquent. Any loan, on which a principal or interest payment has not been made within 30 days, is reviewed monthly for appropriate action.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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Note 7 - Allowance for Credit Losses (Continued)

The Authority considers the allowance for credit losses of \$443,101,663 and \$262,334,365, respectively adequate to cover loan losses inherent in the loan portfolio as of June 30, 2025 and 2024. The following table presents by portfolio segment, the changes in the allowance for credit losses and the recorded investment in loans at June 30, 2025 and 2024.

June 30, 2025	Commercial	Service	Industrial	Unallocated	Total
Allowance for credit losses:					
Beginning balance	\$ 156,587,693	\$ 8,445,000	\$ 89,991,000	\$ 7,310,672	\$262,334,365
Charge-offs	-	-	-	-	-
Recoveries	6,942	-	3,219	-	10,161
Provision	88,237,167	1,610,000	87,435,225	3,474,745	180,757,137
Ending balance	<u>\$ 244,831,802</u>	<u>\$10,055,000</u>	<u>\$177,429,444</u>	<u>\$10,785,417</u>	<u>\$443,101,663</u>
June 30, 2024	Commercial	Service	Industrial	Unallocated	Total
Allowance for credit losses:					
Beginning balance	\$ 25,741,574	\$ 3,600,000	\$ 2,940,000	\$ 4,780,000	\$ 37,061,574
Charge-offs	-	-	-	-	-
Recoveries	7,572	-	14,307	-	21,879
Provision	130,838,547	4,845,000	87,036,693	2,530,672	225,250,912
Ending balance	<u>\$ 156,587,693</u>	<u>\$ 8,445,000</u>	<u>\$ 89,991,000</u>	<u>\$ 7,310,672</u>	<u>\$262,334,365</u>

Note 8 - Capital Asset and Leasing Activities

Real estate, property, and equipment include the following at June 30, 2025 and 2024, respectively:

	2025	2024
Land	\$ 9,829,800	\$ 14,736,541
Buildings and improvements	2,949,698	2,949,698
Equipment	464,738	463,100
	<u>13,244,236</u>	<u>18,149,339</u>
Less accumulated depreciation - buildings	(1,197,690)	(1,122,494)
Less accumulated depreciation - equipment	(413,056)	(395,570)
	<u>\$ 11,633,490</u>	<u>\$ 16,631,275</u>

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Note 8 - Capital Asset and Leasing Activities (Continued)

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

	Balance	Additions	Reductions	Balance
Land held for lease	\$ 14,736,541	\$ -	\$ (4,906,741)	\$ 9,829,800
Building and improvements	2,949,698	-	-	2,949,698
Equipment	463,100	1,638	-	464,738
	<u>18,149,339</u>	<u>1,638</u>	<u>(4,906,741)</u>	<u>13,244,236</u>
Less accumulated depreciation				
Building	(1,122,494)	(75,196)	-	(1,197,690)
Equipment	(395,570)	(17,486)	-	(413,056)
	<u>\$ 16,631,275</u>	<u>\$ (91,044)</u>	<u>\$ (4,906,741)</u>	<u>\$ 11,633,490</u>

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

	Balance	Additions	Reductions	Balance
Land held for lease	\$ 14,736,541	\$ -	\$ -	\$ 14,736,541
Building and improvements	2,949,698	-	-	2,949,698
Equipment	429,660	33,440	-	463,100
	<u>18,115,899</u>	<u>33,440</u>	<u>-</u>	<u>18,149,339</u>
Less accumulated depreciation				
Building	(1,047,287)	(75,207)	-	(1,122,494)
Equipment	(379,755)	(15,815)	-	(395,570)
	<u>\$ 16,688,857</u>	<u>\$ (57,582)</u>	<u>\$ -</u>	<u>\$ 16,631,275</u>

The Authority leases certain property to commercial entities under direct financing leases with planned end dates ranging from fiscal year 2028 to 2036. Lease payment rates, terms, and other provisions vary based on the lease agreement.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
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Note 8 - Capital Asset and Leasing Activities (Continued)

Under terms of the direct financing leases, either the lessor or lessee may elect to adjust the basic rent as of each successive fifth anniversary date following the lease commencement date by an amount necessary to fully amortize the initial purchase price based on the prevailing interest rate on such anniversary date. Future minimum lease payments are based on lease payments in effect at year end. At June 30, 2025 and 2024 the Authority's net investment in direct financing leases consisted of:

	2025	2024
Total minimum lease payments receivable	\$ 26,908,167	\$ 29,231,186
Less unearned interest	(2,293,076)	(3,454,349)
Total	24,615,691	25,776,837
Less current portion	(3,682,698)	(3,613,999)
Total noncurrent portion	<u>\$ 20,932,393</u>	<u>\$ 22,162,838</u>

At June 30, 2025, future minimum lease payments receivable under direct financing leases are as follows:

June 30,	Total Payments
2026	\$ 4,319,664
2027	4,655,775
2028	4,005,999
2029	3,437,022
2030	2,760,800
2031-2035	7,698,350
2036-2040	30,557
	<u>\$ 26,908,167</u>

Lease revenue includes interest from direct financing leases of \$884,571 and \$883,218 for the years ended June 30, 2025 and 2024, respectively.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
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Note 9 - Loans Payable

The Authority receives financing from various funding sources in the form of direct borrowings. There are no direct placements. Direct borrowing includes the following:

	<u>2025</u>	<u>2024</u>
Revolving loan agreement with the West Virginia Board of Treasury Investments to borrow up to \$80 million to provide loan insurance for broadband projects, interest equal to the twelve-month average of the Board's yield on its money market pool, which was 2.28% and 3.28% at the end of fiscal year 2024 and 2025, respectively, and adjustable quarterly thereafter, quarterly payments of interest will be made as long as a principal balance remains outstanding. Note repayments are dependent upon moneys received from the broadband loan insurance recipients.	\$ 52,452,837	\$ 35,407,052
Note payable to West Virginia Infrastructure and Jobs Development Council due in monthly installments of \$16,641, final payment due June 1, 2029, interest rate at 3% and secured by real estate.	751,789	926,079
Note payable to West Virginia Infrastructure and Jobs Development Council to be used for real estate remediation. Payment is due as the real estate is sold or by January 12, 2029, whichever occurs first. Interest at a rate of 10% per annum will be charged on any outstanding balances after January 12, 2029. Secured by real estate.	<u>10,000,000</u>	<u>10,000,000</u>
Total	63,204,626	46,333,131
Less current portion	<u>(179,591)</u>	<u>(174,291)</u>
Long term portion	<u>\$ 63,025,035</u>	<u>\$ 46,158,840</u>

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
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Note 9 - Loans Payable (Continued)

At June 30, 2025, future minimum principal and interest payments on loans payable are as follows:

June 30	Principal	Interest	Total
2026	\$ 179,591	\$ 1,710,089	\$ 1,889,680
2027	185,054	2,259,621	2,444,675
2028	190,661	2,260,165	2,450,826
2029	10,196,483	2,248,193	12,444,676
2030	-	2,244,981	2,244,981
2031-2035	-	11,231,058	11,231,058
2036-2040	-	11,237,208	11,237,208
2041-2045	-	11,231,058	11,231,058
2046-2050	52,452,837	559,709	53,012,546
	<u>\$ 63,204,626</u>	<u>\$ 44,982,082</u>	<u>\$108,186,708</u>

Changes in loans payable for the years ended June 30, 2025 and 2024 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
June 30, 2025	<u>\$ 46,333,131</u>	<u>\$ 18,229,692</u>	<u>\$ (1,358,197)</u>	<u>\$ 63,204,626</u>	<u>\$ 179,591</u>
June 30, 2024	<u>\$ 18,603,271</u>	<u>\$ 28,082,937</u>	<u>\$ (353,077)</u>	<u>\$ 46,333,131</u>	<u>\$ 174,291</u>

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
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Note 10 - Related Party Transactions with the State of West Virginia

The Authority enters into certain transactions with various agencies of the State of West Virginia for financing, employee benefits, and other services.

Amounts due to other State of West Virginia agencies as of June 30 consisted of the following:

	<u>2025</u>	<u>2024</u>
Balances included in loans payable:		
WV Infrastructure & Jobs Development Council	\$ 10,751,789	\$ 10,926,079
WV Board of Treasury Investments	52,452,837	35,407,052
Balances included in accounts payable:		
WV Board of Treasury Investments	389,156	184,546
Workforce West Virginia	2,045	-
WV State Treasurer's Office	87	99
WVARF	784	1,279
Balances included in amount due to other State Agencies:		
Lottery Commission	12,845	12,845
Development Office	673,667	607,000
Governor's Office	943,351	43,351
	<u>\$ 65,226,561</u>	<u>\$ 47,182,251</u>

Note 11 - Commitments and Contingencies

Commitments to extend credit are agreements between the Authority and borrowers which generally require the borrowers to meet certain conditions regarding the extension of credit and which expire on specified dates. In making these commitments, the Authority evaluates each borrower's creditworthiness. Upon extension of credit, the Authority requires the loan to be collateralized by equipment and/or real estate. At June 30, 2025 and 2024, the Authority had outstanding commitments to make loans of \$455,932,313 and \$575,666,408, respectively. During the year ended June 30, 2020, the Authority amended their funding policy for committed loans. Instead of earmarking BTI or EDA available resources on the commitment list, upon closing of the loan the Authority will determine whether the commitment can be first funded from current EDA funds. The Authority would then borrow any needed funds from the BTI as necessary to satisfy the commitment. Certain qualified loans meet eligibility criteria that are automatically committed to Title IX funds.

Note 11 - Commitments and Contingencies (Continued)

The Authority guarantees repayment of portions of certain loans made for economic development purposes under its Loan Insurance Program. These guarantees represent conditional commitments by the Authority to guarantee the performance of a borrower to a third party lender. The Authority annually reviews the outstanding Loan Insurance Program obligations with its established loan loss allowance account, and records a liability if and when the Authority recognizes that a claim is likely. As of June 30, 2025 and 2024, the Authority's maximum exposure to financial guarantees expiring at various intervals through March 2028, is \$3,255,587 and \$4,535,959, respectively. As of June 30, 2025 and 2024, loans of \$5,603,511 and \$9,221,234, respectively, were guaranteed under this program. Since the inception of the Loan Insurance Program, the maximum liability to the Authority, assuming no collateral value, has been less than the specified cash reserves set aside for future claims and liabilities. During the years ended June 30, 2025 and 2024, the Authority did not pay any claims under the Loan Insurance Program.

Note 12 - Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State of West Virginia has established the Board of Risk and Insurance Management (BRIM) and the Public Employees Insurance Agency (PEIA) as risk pools to account for and finance uninsured risks of losses for State agencies, institutions of higher education, and component units.

BRIM is a public entity risk pool that provides coverage for general, property, medical malpractice, and automobile liability. PEIA is also a public entity risk pool that provides coverage for employee and dependent health, life and prescription drug insurance. The Authority retains the risk of loss on certain tort and contractor claims in excess of the amount insured or covered by BRIM's insurance carrier.

Through its participation in the PEIA, the Authority has obtained health coverage for its employees. In exchange for payment of premiums to PEIA, the Authority has transferred its risks related to health coverage of its employees.

The Authority carries workers' compensation insurance coverage through a commercial carrier. The carrier is paid a quarterly premium to provide compensation for injuries sustained in the course of employment. In exchange for the payment of premiums, the Authority has transferred its risks for job-related injuries of employees.

There have been no changes in the coverages or amounts of coverage and there have been no claims in excess of coverage related to the Authority's risk management plan for the years ended June 30, 2025 and 2024.

Note 13 - 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.

Benefits Provided

Benefits are provided through PERS using a two-tiered system. Effective July 1, 2015, PERS implemented the second tier, Tier II. Employees hired, for the first time, on or after July 1, 2015 are considered Tier II members. Tier I and Tier II members are subject to different regulations.

Tier I: Employees who retire at or after age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 years or greater, are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of three consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer. 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.

Tier II: Employees who retire at or after age 62 with ten or more years of credited service, or at least age 55 with age and service equal to 80 years or greater, are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of five consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer. Terminated members with at least ten years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 64.

Contributions

While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. Current funding policy requires employer contributions of 9.0% for the years ended June 30, 2025, and 2024. The employee contribution rate is 4.5% and 6.0% for Tier I and Tier II employees, respectively. The Authority's contribution to the Plan, excluding the employee's contribution paid by the Authority, approximated \$121,863 and \$120,051 for the fiscal years ended June 30, 2025 and 2024, respectively.

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Note 13 - Pension Plan (Continued)

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

At June 30, 2025 and 2024, the Authority reported an asset of \$118,312 and \$2,813, respectively, for its proportionate share of the net pension asset. The June 30, 2025 net pension asset was determined by an actuarial valuation as of July 1, 2023, rolled forward to June 30, 2024, which is the measurement date. The June 30, 2024 the net pension asset was determined by an actuarial valuation as of July 1, 2022, rolled forward to June 30, 2023, which is the measurement date.

The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all employers, actuarially determined. At the June 30, 2024 measurement date, the Authority's proportionate share was 0.071871%, which was a decrease of 0.003745% from its proportionate share measured as of June 30, 2023. At the June 30, 2023 measurement date, the Authority's proportionate share was 0.075616%, which was a decrease of 0.004805% from its proportionate share measured as of June 30, 2022.

For the years ended June 30, 2025 and 2024, the Authority recognized pension expense of \$65,694 and \$122,753, respectively. At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2025	
	Deferred Outflows of Resources	Deferred inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 137,731
Difference between expected and actual experience	160,737	-
Changes in assumptions	-	10,832
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	10,697	6,515
The Authority's contributions made subsequent to the measurement date	121,863	-
Total	<u>\$ 293,297</u>	<u>\$ 155,078</u>

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Note 13 - Pension Plan (Continued)

	June 30, 2024	
	Deferred Outflows of Resources	Deferred inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 20,594	\$ -
Difference between expected and actual experience	28,704	-
Changes in assumptions	21,920	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	18,812	12,666
The Authority's contributions made subsequent to the measurement date	120,051	-
Total	<u>\$ 210,081</u>	<u>\$ 12,666</u>

The Authority reported \$121,863 as deferred outflows of resources related to pensions of resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amortization
2026	(10,226)
2027	128,999
2028	(57,616)
2029	(44,801)
	<u>16,356</u>

Actuarial Assumptions

The total pension asset in the June 30, 2024 and 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%
Salary increases	2.75% - 7.37%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense

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Note 13 - Pension Plan (Continued)

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2021 for active members; 111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy males; 118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy females, 119% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021 for disabled males, and 124% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021 for disabled females.

The economic assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020. All other assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

Long-term expected rates of return

The long-term rates of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and best estimates of long-term geometric rates of return for each major asset class as of June 30, 2024 and 2023 are summarized below:

June 30, 2024		
Asset Class	Target Allocation	Long-term Expected Real Return
Domestic equity	22.5%	6.5%
International equity	22.5%	9.1%
Fixed income	15.0%	4.3%
Real estate	12.0%	5.8%
Private equity	12.0%	9.2%
Private credit	6.0%	9.8%
Hedge funds	10.0%	4.6%
June 30, 2023		
Asset Class	Target Allocation	Long-term Expected Real Return
Domestic equity	27.5%	6.5%
International equity	27.5%	9.1%
Fixed income	15.0%	4.3%
Real estate	10.0%	5.8%
Private equity	10.0%	9.2%
Hedge funds	10.0%	4.6%

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Note 13 - Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projections of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from employers 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 rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension asset. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

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

The following table presents the Authority's proportionate share of the net pension liability (asset) calculated using the current discount rate of 7.25%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Net pension liability (asset)			
2025	\$ 602,090	\$ (118,312)	\$ (719,493)
2024	702,504	(2,813)	(599,034)

Note 14 - Other Postemployment Benefits (OPEB)

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment 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. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The Plan is closed to new entrants.

Note 14 - Other Postemployment Benefits (OPEB) (Continued)

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Annual Comprehensive Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by contacting the RHBT Controller, Jennifer Priddy, at (304) 352-0298, ext. 20298.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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
- External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. In fiscal year 2024, there was no subsidization of retiree healthcare from paygo premiums and PEIA active employers were not billed paygo. The prior year paygo rate for fiscal year 2023 was \$70 per active health policy per month.

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 after July 1, 1997 or hired before 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.

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Note 14 - Other Postemployment Benefits (OPEB) (Continued)

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

- Members hired before July 1, 1988 may convert accrued sick or annual leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

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 to the OPEB plan from the Authority were \$6,868 and \$0, for the years ended June 30, 2025 and 2024, respectively.

Contributions by Nonemployer Contributing Entities in Special Funding Situations

The State of West Virginia is a nonemployer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating \$30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The \$30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. Under current policy, the Plan is considered fully funded at a funded ratio, on a present value of benefits, of more than 120%. This funding is to the advantage of all RHBT contributing employers.

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

At June 30, 2025 and 2024, the Authority reported an asset for its proportionate share of the RHBT net OPEB asset that reflected a reduction for State OPEB support provided to the Authority. The amount recognized by the Authority as its proportionate share of the net OPEB asset, the related State support, and the total portion of the net OPEB asset that was associated with the Authority was as follows:

	2025	2024
The Authority's proportionate share of the net OPEB asset	\$ 7,497	\$ 34,433
State's special funding proportionate share of the net OPEB asset associated with the Authority	23,548	14,697
Total portion of net OPEB asset associated with the Authority	\$ 31,045	\$ 49,130

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 14 - Other Postemployment Benefits (OPEB) (Continued)

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

The net OPEB asset reported at June 30, 2025 was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023. The net OPEB asset reported at June 30, 2024 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022.

The Authority's proportion of the net OPEB asset was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At the June 30, 2024 measurement date, the Authority's proportion was 0.018006296%, which is an decrease of 0.003752543% from its proportion calculated as of June 30, 2023. At the June 30, 2023 measurement date, the Authority's proportion was 0.021758839%, which is an increase of 0.000210144% from its proportion calculated as of June 30, 2022.

For the years ended June 30, 2025 and 2024, the Authority recognized OPEB expense of \$31,813 and \$(85,786) and support provided by the State under special funding situations revenue of \$12,693 and \$(24,858). At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,114	\$ 7,539
Changes in assumptions	2,862	8,865
Net difference between projected and actual earnings on OPEB plan investments	-	8,540
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	14,306	10,423
The Authority's contributions subsequent to the measurement date	6,868	-
Total	<u>\$ 50,150</u>	<u>\$ 35,367</u>

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 14 - Other Postemployment Benefits (OPEB) (Continued)

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

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 20,044
Changes in assumptions	9,495	19,211
Net difference between projected and actual earnings on OPEB plan investments	-	574
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	37,871	14,558
The Authority's contributions subsequent to the measurement date	-	-
Total	<u>\$ 47,366</u>	<u>\$ 54,387</u>

The Authority will recognize the \$6,868 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as an increase of the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2026	\$ 8,730
2027	(1,363)
2028	3,027
2029	(2,479)
	<u>\$ 7,915</u>

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 14 - Other Postemployment Benefits (OPEB) (Continued)

Actuarial assumptions

The total OPEB asset was determined by an actuarial valuation as of June 30, 2023 and a measurement date of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Wage inflation rate	2.75%
Projected salary increases	Specific to the OPEB covered group. Ranging from 2.75% to 5.18% including inflation.
Investment rate of return	7.40%, net of OPEB plan investment expense, including inflation.
Asset valuation method	Investments are reported at fair (market) value.
Healthcare cost trend rates	Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2033.
Actuarial cost method	Entry Age Normal Cost Method.
Amortization method	Level percentage of payroll over a 20 year closed period.
Remaining amortization period	Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
Retirement age	Rates based on 2015-2020 OPEB Experience Study and vary by pension plan participation and age/service at retirement. Rates were first applied to the 2020 valuation.
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death." Mortality rates based on PUB-2010 Mortality Tables.
Expenses	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
Mortality post retirement	Pub-2010 General Below-Median Income Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females.
Mortality pre-retirement	Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 14 - Other Postemployment Benefits (OPEB) (Continued)

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2015 to June 30, 2020. These assumptions will remain in effect for valuation purposes until such time as the RHBT adopts revised assumptions

The actuarial valuation as of June 30, 2023, reflects updates to the following assumptions which are reviewed at each measurement date:

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

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the West Virginia Board of Treasury Investments.

The long-term expected rate of return on OPEB plan investments was 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 (CMA), and forecast returns were provided by the Plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.50% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

June 30, 2024		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.7%
Hedge Funds	10.0%	4.5%

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 14 - Other Postemployment Benefits (OPEB) (Continued)

June 30, 2023		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private Credit and Income	6.0%	7.4%
Private Equity	12.0%	10.0%
Real Estate	12.0%	7.2%
Hedge Funds	10.0%	4.5%

Discount rate

A single discount rate of 7.40% was used to measure the total OPEB asset for the fiscal years 2025 and 2024. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40% for those fiscal years. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

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

The following presents the Authority's proportionate share of the net OPEB liability (asset) as of June 30, 2025 and 2024 calculated using the discount rate of 7.40% for 2025 and 2024 as well as what the Authority's proportionate share of the net OPEB liability (asset) 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	Current Discount Rate	1% Increase
Net OPEB liability (asset) 2025	\$ 32,778	\$ (7,497)	\$ (41,039)
Net OPEB liability (asset) 2024	(5,755)	(34,433)	(65,808)

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Note 14 - Other Postemployment Benefits (OPEB) (Continued)

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

The following presents the Authority's proportionate share of the net OPEB liability (asset), as well as what the Authority's proportionate share of the net OPEB liability (asset) 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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability (asset) 2025	\$ (58,946)	\$ (7,497)	\$ 54,890
Net OPEB liability (asset) 2024	(87,716)	(34,433)	28,930

Note 15 - Conduit Debt Obligations

The Authority has issued Industrial Development Revenue Bonds and Residential Care Facility First Mortgage Revenue Bonds to provide financial assistance to private-sector and governmental entities for the acquisition and construction of commercial and residential care facilities deemed to be in the public interest. The Authority has also issued Revenue Bonds to provide financial assistance to state and local governmental entities for the acquisition and construction of facilities deemed to be in the public interest. All of the bonds are secured by the property financed and revenues generated with the bond proceeds and are payable solely from payments received on the underlying obligations. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector or governmental entity served by the bond issuance. The Authority, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities of the Authority in the accompanying financial statements. The adoption of GASB Statement No. 91, *Conduit Debt Obligations*, did not impact the Authority's accounting for the bonds.

As of June 30, 2025 and 2024, there were 45 and 44 revenue bonds, respectively with principal amounts payable consisting of the following:

	<u>2025</u>	<u>2024</u>
Bonds backed by leases with other State agencies	\$ 75,159,156	\$ 118,948,103
Other bonds outstanding	5,787,717,499	5,241,670,598
	<u>\$ 5,862,976,655</u>	<u>\$ 5,360,618,701</u>

Note 16 - State Small Business Credit Incentive

In April 2022, the United State Office of the Treasury notified the State of West Virginia that it has approved its State Small Business Credit Initiative ("SSBCI") application. The State of West Virginia, via the Office of the Governor, was the recipient of SSBCI program funds, and the State's Deputy Chief of Staff was the authorized representative of the State under this federally sponsored program. The Trust will serve as the contracting entity responsible for the administration and disbursement of the SSBCI funds to venture capital entities and lenders on behalf of the State in future fiscal years.

In June 2022, the State received its first distribution of the SSBCI funding of approximately \$22 million, which is being held in an escrow account maintained at the West Virginia State Treasurer's Office.

In the Trust's portfolio, as of June 30, 2025, there have been four investments and six loan approvals granted by the West Virginia Capital Access Committee (the oversight committee designated to approve the SSBCI funds, to which certain members of management of the Trust participate). In the Trust's portfolio, as of June 30, 2024, there were two investments and three loan approvals granted by the West Virginia Capital Access Committee.

Note 17 - New Accounting Pronouncements

Newly Adopted Statements Issued by GASB

The Authority implemented Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The adoption of GASB Statement No. 101 resulted in the recognition of certain types of previously unrecorded compensated absences, such as sick leave, that have been earned, accumulated, and are anticipated to be used and paid out. The change did not result in a material change to prior year financial statements; therefore, prior year amounts have not been restated.

The Authority also implemented GASB Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The objective of this statement is to provide financial statement users with information about risks due to concentrations or constraints common in a governmental environment. The standard requires an assessment of whether any concentrations or constraints increase the government's vulnerability to significant impacts, and whether events associated with concentrations and/or constraints have occurred or are more likely than not to occur within one year of issuance of the financial statements. Further, additional detailed disclosures may be required in certain situations. The adoption of GASB Statement No. 102 did not have a significant impact on the financial statements .

Note 17 - New Accounting Pronouncements (Continued)

Recent Statements Issued by GASB

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, (2) unusual or infrequent items, (3) proprietary fund statement of revenues, expenses, and changes in net position, (4) major component unit information, and (5) budgetary comparison information. The statement aims to improve financial reporting. It clarifies that management's discussion and analysis should be limited to only topics in the existing sections and stresses that the detailed analyses section should provide clear explanation of why balances or results changed rather than simply presenting the amounts of the change. The descriptions of unusual or infrequent items will make it clearer which items need to be separately reported. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, to improve comparability. The changes to presentation of major component unit information and budgetary comparison information are also geared towards enhancing comparability. The Authority has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

GASB also issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets, subscription-based information technology arrangement assets, and right-to-use assets should be disclosed separately by major class of underlying asset in the capital assets note disclosures. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale including if (1) the government has decided to pursue the sale of the capital asset, and (2) it is probable that the sale will be finalized within one year of the financial statement date. Governments should evaluate these assets each reporting period and disclose the ending balance of capital assets held for sale, with separate disclosures for historical cost and accumulated depreciation by major class of asset, and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The Authority has not yet determined the effect that the adoption of GASB Statement No. 104 may have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
YEAR ENDED JUNE 30, 2025

Public Employees Retirement System
Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability (asset) (percentage)	0.071871%	0.075616%	0.080421%	0.045641%	0.039325%	0.038905%	0.045977%	0.045458%	0.044215%	0.044515%
Authority's proportionate share of the net pension liability (asset)	\$ (118,312)	\$ (2,813)	\$ 119,778	\$ (400,689)	\$ 207,900	\$ 83,651	\$ 118,736	\$ 196,216	\$ 406,384	\$ 248,573
Authority's covered payroll	\$ 1,333,911	\$ 1,336,833	\$ 793,100	\$ 611,090	\$ 617,140	\$ 571,080	\$ 637,500	\$ 626,980	\$ 609,274	\$ 603,684
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(8.87)%	(0.21)%	15.10 %	(65.57)%	33.69%	14.65%	18.63%	31.30%	66.70%	41.18%
Plan fiduciary net position as a percentage of the total pension liability	101.85%	100.05%	98.17%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2025

Public Employees Retirement System
Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 121,863	\$ 120,051	\$ 120,315	\$ 79,310	\$ 61,109	\$ 61,714	\$ 57,117	\$ 70,118	\$ 75,237	\$ 82,252
Contributions in relation to the contractually required contribution	<u>(121,863)</u>	<u>(120,051)</u>	<u>(120,315)</u>	<u>(79,310)</u>	<u>(61,109)</u>	<u>(61,714)</u>	<u>(57,117)</u>	<u>(70,118)</u>	<u>(75,237)</u>	<u>(82,252)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 1,354,033	\$ 1,333,911	\$ 1,336,833	\$ 793,100	\$ 611,090	\$ 617,140	\$ 571,080	\$ 637,500	\$ 626,980	\$ 609,274
Contributions as a percentage of covered payroll	9.00%	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY (ASSET)
YEAR ENDED JUNE 30, 2025

Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's proportion of the net OPEB liability (asset) (percentage)	0.018006%	0.021759%	0.021549%	0.014142%	0.012775%	0.013274%	0.010000%	0.010000%
Authority's proportionate share of the net OPEB liability (asset)	\$ (7,497)	\$ (34,433)	\$ 23,984	\$ (4,205)	\$ 56,425	\$ 220,240	\$ 260,666	\$ 495,130
State's proportionate share of the net OPEB liability (asset)	<u>(23,548)</u>	<u>(14,697)</u>	<u>8,216</u>	<u>(828)</u>	<u>12,416</u>	<u>45,071</u>	<u>53,873</u>	<u>101,700</u>
Total proportionate share of the net OPEB liability (asset)	\$ (31,045)	\$ (49,130)	\$ 32,200	\$ (5,033)	\$ 68,841	\$ 265,311	\$ 314,539	\$ 596,830
Authority's covered-employee payroll	\$ 1,157,847	\$ 1,090,812	\$ 704,660	\$ 726,805	\$ 563,117	\$ 525,351	\$ 568,260	\$ 577,507
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(0.65)%	(3.16)%	3.40%	(0.58)%	10.02%	41.92%	45.87%	85.74%
Plan fiduciary net position as a percentage of the total OPEB liability	102.19%	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority should present information for those years for which information is available.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS
YEAR ENDED JUNE 30, 2025

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 6,868	\$ -	\$ 11,935	\$ 33,502	\$ 14,400	\$ 13,994	\$ 19,733	\$ 26,930	\$ 41,358
Contributions in relation to the statutorily required contribution	<u>(6,868)</u>	<u>-</u>	<u>(11,935)</u>	<u>(33,502)</u>	<u>(14,400)</u>	<u>(13,994)</u>	<u>(19,733)</u>	<u>(26,930)</u>	<u>(41,358)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 779,093	\$ 1,157,847	\$ 1,090,812	\$ 704,660	\$ 726,805	\$ 563,117	\$ 525,351	\$ 568,260	\$ 577,507
Contributions as a percentage of covered-employee payroll	0.88%	0.00%	1.09%	4.75%	1.98%	2.49%	3.76%	4.74%	7.16%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority should present information for those years for which information is available.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEAR ENDED JUNE 30, 2025

Actuarial Changes Pension Plan

An experience study for economic assumptions, which was based on the years 2015 through 2020, and an experience study for all other assumptions, which was based on the years 2013 through 2018, was approved by the Consolidated Public Retirement Board. As a result, valuation assumptions were changed as of June 30, 2024 to reflect the most recent experience study:

	Projected Salary Increases			Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation rate		State	Nonstate	Disability Rates
<u>2024</u>	2.75% - 5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected 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 / Disabled Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with Scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with Scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
<u>2023</u>	2.75% - 5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected 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 / Disabled Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with Scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with Scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
<u>2022</u>	2.75% - 5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with Scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with Scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEAR ENDED JUNE 30, 2025

	Projected Salary Increases			Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation rate		State	Nonstate	Disability Rates
2021	2.75% - 5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
2020	3.1% - 5.3%	3.35% - 6.5%	3.00%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
2019	3.1% - 5.3%	3.35% - 6.5%	3.00%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	2.28-45.63%	2-35.88%	0.005-0.540%
2018	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2017	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2016	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2015	3.00% - 4.6%	3.35% - 6.0%	1.90%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75-35.1%	2-35.8%	0-.675%

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2025

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability (asset) calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	<u>Inflation Rate</u>	<u>Salary Increases</u>	<u>Wage Inflation Rate</u>	<u>Investment Rate of Return & Discount Rate</u>	<u>Mortality</u>	<u>Retirement Age</u>	<u>Aging Factors</u>	<u>Expenses</u>	<u>Healthcare Cost Trend Rates</u>
<u>2024</u>	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.
<u>2023</u>	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
<u>2022</u>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
<u>2021</u>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
<u>2020</u>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: 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; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2025

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
<u>2019</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
<u>2018</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
<u>2017</u>	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

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 Economic 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 combined financial statements of the West Virginia Economic Development Authority (the Authority), a component unit of the State of West Virginia, as of and for the year ended June 30, 2025, and the related notes to the combined financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 13, 2025. Our report also includes an emphasis of matter paragraph noting that the financial statements of the Authority are intended to present the financial position, the change in financial position, and cash flows of only that portion of the business-type activities of the State of West Virginia that is attributable to the transactions of the Authority. They do not purport to, and do not present fairly the financial position of the State of West Virginia, as of June 30, 2025, the change in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined 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 combined 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's combined 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 combined 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*.

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Suttle & Stalnak, PLLC". The signature is written in a cursive, flowing style.

Charleston, West Virginia
October 13, 2025

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2025

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2025-001 LENDING PROCEDURES

Criteria:	The Authority is responsible for establishing an internal control structure that reduces to an acceptable level the risk of errors and fraud occurring and not being detected. The Authority is also responsible for having policies and procedures in place over lending practices to enforce and comply with the contractual terms of its loan agreements.
Condition:	<p>The Authority has been appropriated funding from the State of West Virginia's surplus revenue along with State revenue replacement funds through the Coronavirus State and Local Fiscal Recovery Funds program for the purpose of making loans to support infrastructure and economic development projects in the State of West Virginia. In fiscal year 2024, the Authority began issuing loans from these funding sources, generally referred to as high impact loans.</p> <p>For one loan reviewed during the audit, it was determined that certain contractual terms of the loan agreement have not been enforced or complied with, as summarized below:</p> <p>The loan proceeds were disbursed from December 2023 through June of 2024 and the Authority did not promptly receive a deed of trust for the property and security agreement for the equipment as specified in the loan agreement. The Authority obtained a UCC-1 Financing Statement for equipment associated with the project during November of 2024. However, the Authority has not received a deed of trust for real property that was to be purchased for the project in accordance with the loan agreement. It has subsequently been discovered that loan proceeds were not spent in accordance with the terms of the loan agreement, including to purchase the real property in which the Authority was to be granted a first priority deed of trust. Additionally, certain equipment purchased for the project was relocated to another state which is outside the terms of the loan agreement and could result in issues enforcing collateral rights.</p>
Context:	Total disbursements to the borrower were \$50 million.
Cause:	Policies and procedures over lending practices were not adequate to ensure compliance with contractual terms of the loan agreement.
Effect:	Loan proceeds were not spent in accordance with the terms of the loan agreement and the Authority's collateral position on the loan is not as specified in the agreement.

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2025

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2025-001 LENDING PROCEDURES (Continued)

Recommendation: It is recommended that the Authority consider implementing procedures to ensure the Authority's interests are appropriately collateralized in accordance with the contractual terms of loan agreements.

Views of Responsible Officials: *We agree with the findings and will take the necessary corrective actions as noted in the corrective action plan attached.*



Corrective Action Plan

October 13, 2025

To Whom It May Concern:

West Virginia Economic Development Authority (the Authority) respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm: Suttle & Stalnaker, PLLC, 1411 Virginia Street, East, Suite 100, Charleston, West Virginia 25301

Audit Period: Year ended June 30, 2025

The finding from the October 13, 2025 schedule of audit findings and responses is discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

2025-001 – LENDING PROCEDURES

Recommendation:

It is recommended that the Authority consider implementing procedures to ensure the Authority's interests are appropriately collateralized in accordance with the contractual terms of loan agreements.

Action Taken:

To ensure the agency remains properly collateralized in accordance with loan agreement terms, a new procedure will be implemented. Before disbursing loan funds, the responsible accounting staff member must obtain written confirmation—such as a signature, email, or equivalent—from WVEDA's Legal Counsel certifying that all collateral requirements have been received or satisfied. This added step ensures that no funds are released to the borrower until all collateral conditions have been met.

If there are any questions regarding this plan, please contact Taylor Cole at 681-313-2494.

Sincerely,

A handwritten signature in blue ink that reads "Taylor S. Cole".

Taylor S. Cole
West Virginia Economic Development Authority, Associate Director