Audited Financial Statements

West Virginia Infrastructure and Jobs Development Council

Year Ended June 30, 2015

GIBBONS&KAWASH
Certified Public Accountants

Audited Financial Statements

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Year Ended June 30, 2015

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the West Virginia Infrastructure and Jobs Development Council (the Council), a component unit of the State of West Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Council, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the schedule of the proportionate share of the net pension liability and the schedule of contributions to the PERS on pages 40 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2015, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Council's internal control over financial reporting and compliance.

Gibbons & Kawash, A.C.

Charleston, West Virginia
October 23, 2015

INTRODUCTION

Our discussion and analysis of the West Virginia Infrastructure and Jobs Development Council's (the "Council") financial performance provides an overview of the Council's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Council's financial statements, which begin on page 11.

USING THIS REPORT

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

FINANCIAL HIGHLIGHTS

Business Type Activities:

- Total assets increased $38.1 million from $797.6 million to $835.7 million
- Deferred outflows of resources decreased $70 thousand from $2.38 million to $2.31 million
- Total liabilities increased $87 million from $114 million to $201 million
- Deferred inflows of resources increased $82 thousand from the previous year
- Net position decreased $49 million from $686 million to $637 million

Governmental Activities:

- Total assets increased $966 thousand from $102 thousand to $1,068 thousand
- Deferred outflows of resources increased $6.6 million from $2.6 million to $9.2 million
- Total liabilities decreased $6 million from $223 million to $217 million
- The deficiency in net position decreased $13 million from ($220) million to ($207) million

Government Wide:

- Total assets increased $39 million from $797.7 million to $836.7 million
- Deferred outflows of resources increased $6.6 million from $4.9 million to $11.5 million
- Total liabilities increased $81 million from $337 million to $418 million
- Deferred inflows of resources increased $82 thousand from the prior year
- Net position decreased by $35.7 million from $466 million to $430 million

Other Highlights:

- 27 water and waste water project and economic development loans were closed for the year ended June 30, 2015 on behalf of the Council
- 30 water and wastewater grants were closed for the year ended June 30, 2015 on behalf of the Council

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE

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

Table 1
Net Position

	2015 Business Type Activities	2015 Governmental Type Activities	2014 Business Type Activities	2014 Governmental Type Activities
ASSETS				
Cash equivalents	$ 250,758,111	$ 1,019,582	$ 209,000,313	$ 20
Investments	102,847,563	-	102,858,563	-
Assets held by others	528,600	-	1,000,000	-
Loans receivable, net	479,201,544	-	482,186,809	-
Other	2,323,752	48,139	2,556,715	101,503
Total assets	$ 835,659,570	$ 1,067,721	$ 797,602,400	$ 101,523
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources from pensions	$ 44,777	$ -	$ -	$ -
Deferred loss on refunding	2,268,130	9,194,777	2,383,069	2,555,853
Total deferred outflows	$ 2,312,907	$ 9,194,777	$ 2,383,069	$ 2,555,853
LIABILITIES				
Bond payable, net	$ 197,761,815	$ 215,964,079	$ 112,734,894	$ 221,449,781
Net pension liability	77,670	-	-	-
Other	3,281,488	978,318	1,439,625	1,180,276
Total liabilities	$ 201,120,973	$ 216,942,397	$ 114,174,519	$ 222,630,057
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources from pensions	$ 82,164	$ -	$ -	$ -
Total deferred inflows of resources	$ 82,164	$ -	$ -	$ -
NET POSITION				
Restricted	$ 618,890,124	$ 1 ,019,582	$ 641,279,454	$ 20
Unrestricted (deficit)	$ 17,879,216	(207,699,481)	44,531,496	(219,972,701)
Total net position	$ 636,769,340	$ (206,679,899)	$ 685,810,950	$ (219,972,681)

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE (Continued)

Table 2
Changes in Net Position

	2015 Business Type Activities	2015 Governmental Type Activities	2014 Business Type Activities	2014 Governmental Type Activities
Revenues				
Program revenues				
Charges for services	$ 2,590,776	$ -	$ 3,076,311	$ -
General revenues				
Miscellaneous revenues	-	-	100,000	-
Intergovernmental	26,000,000	23,000,000	46,000,000	23,000,000
Investment earnings	248,852	3,728	264,601	6,755
Total general revenues	26,248,852	23,003,728	46,364,601	23,006,755
Total revenues	28,839,628	23,003,728	49,440,912	23,006,755
Expenses				
General & administrative	866,523	-	1,023,302	-
Interest on long-term debt	7,040,321	9,343,684	4,899,562	11,182,265
Bond issue costs	604,567	367,262	-	-
Infrastructure & economic development	60,472,348	-	29,360,010	-
Loss on uncollectible loans	8,750,000	-	525,000	-
Transfers (in) out	-	-	(256,358)	256,358
Total expenses	77,733,759	9,710,946	35,551,516	11,438,623
Changes in net position	(48,894,131)	13,292,782	13,889,396	11,568,132
Beginning net position (deficit)	685,810,950	(219,972,681)	671,921,554	(231,540,813)
Cumulative effect of change in acct principal	(147,479)	-	-	-
Beginning net position, restated	685,663,471	(219,972,681)	671,921,554	(231,540,813)
Ending net position (deficit)	$ 636,769,340	$ (206,679,899)	$ 685,810,950	$ (219,972,681)

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE (Continued)

Cash equivalents, which include short-term, highly liquid investments with original maturities of 90 days or less, increased $43 million, from $209 million last year to $251 million at the end of the current year. The increase in cash was primarily the result of the additional funds generated from the 2014 Chesapeake Bay bond issue of $87 million. In addition, the mineral severance tax, interest on loans, principal repayments of loans and investment earnings all contributed to the increase.

Offsetting these increases were expenses for grants and loans, including grants of $42 million for the Chesapeake Bay projects, contributions of the State Matching funds for the federally sponsored Drinking Water Treatment and Clean Water State Revolving Funds, principal and interest payments on outstanding bonds payable, and general and administrative expenses.

Investments remained consistent with the prior year increasing $11 thousand resulting from the net gain on assets.

Assets held by others decreased $471 thousand due to the write down of a parcel of property by $500 thousand, which was acquired from Spencer Veneer in lieu of foreclosure of their economic development loan.

Loans receivable decreased $3.0 million. This decrease was primarily the combined effect of disbursements of new and prior year loan funds to projects of approximately $36.2 million, less repayments of principal on loans of approximately $30.9 million, offset by an increase in the allowance for uncollectible economic development loans of $3.3 million.

Deferred outflows of resources decreased $70 thousand due to the amortization of the loss on refunding and the deferral of pensions and pension contributions due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Total liabilities increased $87 million primarily due to the issuance of the Series 2014 bond in the amount of $75.8 million plus a premium of $12.3 million. These funds will be used to provide grants for the Chesapeake Bay and Greenbrier Watershed projects.

Deferred inflows of resources increased by $82 thousand due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Restrictions of net position are the result of constraints placed on the use of net position which have been imposed externally through debt covenants and by law through enabling legislation. Restricted net position decreased approximately $22 million during the current year. That decrease can be explained primarily as follows: mineral severance tax revenue of $23 million and a transfer from the unrestricted funds of $40 million for loan disbursements. Also, included in the increase were loan repayments of principal and interest totaling $34 million. Offsetting the increases were disbursements of $54 million for grants awarded in current and prior years, $29 million of principal and interest expense related to revenue and general obligation bonds, loan disbursements of $31 million, and an increase in the allowance for uncollectible loans of $3.3 million. Transfers from restricted accounts included interest earnings on accounts funded with residual mineral severance tax revenue and earnings on accounts funded with State appropriations of excess lottery revenue and earnings on debt service reserve funds. As provided by enabling legislation, the earnings on those restricted accounts were transferred to the unrestricted revenue account and various rebate accounts and were used, in part, to pay operating expenses of the Council.

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE (Continued)

Unrestricted Net Position for business type activities as of June 30, 2015 is $17.9 million, a decrease from the prior year of approximately $27 million. This is due to the receipt of excess lottery revenue of $20 million offset by an internal transfer within the business type activities to restricted funds of $40 million, payment of general and administrative expenses of $866 thousand, and $6 million for the State Match of the federally sponsored Clean Water State Revolving Fund and the Drinking Water Treatment Revolving Fund,

Fund Balance/Government-wide Net Position The only activity reported in the governmental fund relates to future payments of the General Obligation Bonds which mature through fiscal year 2027. See Note 9 in the Notes to the Financial Statements for further detail. Although the governmental fund reports a deficit, $23 million of intergovernmental revenue is statutorily provided every year by the State of West Virginia from excess mineral severance tax in order to pay the debt service for the General Obligation Bonds. The total government - wide net position as of June 30, 2015, is $430 million.

Charges for services consist of interest earnings on loans to projects which decreased during the current year by approximately $486 thousand. Loans receivable had a net decrease of $3.0 million during the current year and most of the new loans to projects are full term noninterest bearing or bear no interest during the construction period or the accrual and payment of interest are for other reasons deferred to future periods.

Intergovernmental activity consists of $23 million mineral severance tax revenue and $26 million excess lottery revenue, both appropriated from the State. The mineral severance tax revenue was received from the State's general fund into the Debt Service Fund to pay the general obligation bonds debt service payments required in fiscal year 2015. Excess lottery revenue represents the amount in the State's lottery fund in the State Treasury appropriated by the Legislature to the Council for loans, grants and other funding assistance, as well as payment of debt service on the 2014 Series bonds, issued to provide grants for the Chesapeake Bay and Greenbrier Watershed projects.

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

Investment earnings decreased $19 thousand from the prior year. Interest rates for the money market accounts in which most of the Council's funds are invested remained low throughout the year.

Interest on long-term debt increased approximately $302 thousand. The increase is due to the issuance of the Series 2014 bond.

Infrastructure and economic development activity consists of grants paid to projects, binding commitments as well as the contributions for the required State matches for the federally sponsored Drinking Water Treatment and Clean Water State Revolving Funds. The current year disbursement of State Matching funds was approximately $6 million, of which $1.8 million was allocated to the Drinking Water Treatment Revolving Fund and $4.3 million to the Clean Water State Revolving Fund. As of year-end, the Council has 33 binding commitments. These include 16 loans and 17 grants for which the funds are committed and not disbursed as described in Note 15 to the financial statements.

Loss on uncollectible loans increased $3.3 million due to the write off of one EDA loan in the amount of $5 million that had met certain criteria of the forgivable loan feature. The allowance for uncollectible accounts was increased by $1.6 million to allow for two additional EDA loans that have the forgivable features and it is more likely than not that certain criteria will be met in future years to permit the write off of those two loans. An additional $1 million was included to cover those loans that are anticipated to be uncollectible in future years.

BUDGETARY HIGHLIGHTS

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

Section 18a and related subsections of the West Virginia Code provide for certain deposits to accounts available to the Council for debt service payments and to fund water, wastewater, and economic development projects. Deposits for debt service payments are to be made during each fiscal year in the amount of $6 million. For the year ended June 30, 2015, deposits of $20 million are to be made for water, wastewater, and economic development projects, with no more than 50% of the funds deposited to be spent on grants. For the year ended June 30, 2016, $30 million is to be deposited for projects and includes the stipulation that no more than 50% of the funds deposited may be spend for grants. Section 18a also includes language establishing the priority of deposits for these purposes and prescribes the timing of the deposits.

In accordance to House Bill 205, $26 million was appropriated to the West Virginia Infrastructure Council during fiscal year 2015 with the first $6 million to be used for debt service on the Series 2014 bonds that were issued for the Chesapeake Bay and Greenbrier Watershed projects and the remaining $20 million to be used for water, wastewater and economic development projects around the state.

DEBT ADMINISTRATION

The Infrastructure General Obligation Bonds and Refunding Bonds constitute a direct and general obligation of the State, and the full faith and credit of the State is pledged to secure the payment of the principal and interest on such bonds. The debt service on such general obligation bonds is paid from the dedication of mineral severance taxes in the State's general fund.

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

At year-end, $385 million (prior to amortization) in general obligation, revenue and refunding bonds issued for the benefit of the Council were outstanding versus $328 million in the prior year, an increase of 17% resulting from the issuance of the Series 2014 bonds and current year accreted interest on capital appreciation bonds offset by the refunding through Series 2015A and Series 2015B of the Infrastructure General Obligation Bonds Series 1996D, Series 1998A, Series 1999C, and a portion of Series 2006A, as well as scheduled principal payments. For more information on long-term debt, please refer to Note 9 of the financial statements.

As of June 30, 2015, Assured Guaranty, the bond insurer for the West Virginia Water Development Authority, Infrastructure Revenue Bonds Series 2007A; West Virginia Water Development Authority, Infrastructure Revenue Refunding Bonds Series 2006A and Series 2006B had a Standard & Poor's rating of AA.

As of June 30, 2015, the State of West Virginia, Infrastructure General Obligation Bonds Series 1996A had a Standard & Poor's rating of AA-. The State of West Virginia Infrastructure General Obligation Bonds Series 2006 A and the State of West Virginia Infrastructure General Obligation Refunding Bonds Series 2011A, Series 2015A and Series 2015B had a Standard & Poor's rating of AA. The bond insurer, National Public Finance Guarantee Corporation, had a rating by Standard & Poor's of AA-.

DEBT ADMINISTRATION (Continued)

As of June 30, 2015, the West Virginia Water Development Authority, Infrastructure Revenue Refunding Bonds Series 2012 A had a Moody's rating of Aa3 and a Fitch rating of AA-.

As of June 30, 2015, the West Virginia Water Development Authority, Infrastructure Excess Lottery Revenue Bonds Series 2014A had a rating by Standard & Poor's of AAA.

The ratings, or lack thereof, of the bond insurers did not result in any event of default and does not affect the fixed interest rates paid on its' bonds issued on its behalf by the Authority. Any downward revision or withdrawal of any such rating could have an adverse effect on the secondary market price of the bonds issued on its' behalf by the Authority. The outstanding revenue bonds, except for Series 2011 which was issued with a rating of AA, by Standard & Poor's, were originally issued with a rating of AAA by Standard & Poor's on the understanding that the standard insurance policy purchased guaranteed the timely payment of principal and interest on the bonds. There is no assurance that a particular rating will continue for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of Standard & Poor's, circumstances so warrant.

The Authority's (and thereby, the Council's bonds) underlying rating of A from Standard & Poor's reflects the State's moral obligation, which is one full category below the State's AA rating. Ultimately, rating strength is provided by the pledge to maintain a debt service reserve fund equal to the maximum annual debt service on all outstanding bonds and servicing of underlying loans. If the amount in the reserve funds falls below the required maximum annual debt service level, the Governor, on notification by the Authority, may request the State's Legislature to appropriate the necessary funds to replenish the reserve to its required level. The State's Legislature, however, is not legally required to make such appropriation.

The Council continues to monitor the status of the bond insurers and is considering options for issuance of future bonds without an insurance policy.

FACTORS WHICH MAY AFFECT THE COUNCIL

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

The Legislature appropriated to the Council $36 million for fiscal year 2016 from the excess lottery revenue fund. This amount is contingent on revenue collected from state video lottery operations meeting expected projections; therefore, the Council may receive up to $30 million to provide additional loans, grants and other funding assistance and an additional $6 million restricted for debt service on bonds issued to fund Chesapeake Bay and Greenbrier Watershed projects.

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

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

CONTACTING THE COUNCIL'S MANAGEMENT

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF NET POSITION

Year Ended June 30, 2015

ASSETS	Governmental Activities	Business Type Activities	Total
Cash equivalents	$ 1,019,582	$ 250,758,111	$ 251,777,693
Investments	-	102,847,563	102,847,563
Accrued interest receivable	-	1,941,951	1,941,951
Prepaid insurance	48,139	363,883	412,022
Asset held by others	-	528,600	528,600
Loans receivable, net of allowances of $14,643,000	-	479,201,544	479,201,544
Miscellaneous receivable	-	17,918	17,918
Total assets	$ 1,067,721	$ 835,659,570	$ 836,727,291
DEFERRED OUTFLOWS OF RESOURCES			
Losses on bond refundings	$ 9,194,777	$ 2,268,130	$ 11,462,907
Deferred outflows of resources from pension	-	44,777	44,777
	$ 9,194,777	$ 2,312,907	$ 11,507,684
LIABILITIES			
Accounts payable	$ -	$ 18,533	$ 18,533
Due to other State of West Virginia agencies	-	194,684	194,684
Accrued interest payable	978,318	3,068,271	4,046,589
Net pension liability	-	77,670	77,670
General obligation bonds			
Due within one year, net of unamortized premium of $1,381,610	17,786,610	-	17,786,610
Due after one year, net of unamortized premium of $13,621,806	198,177,469	-	198,177,469
Revenue bonds			
Due within one year, net of unamortized premium of $686,116 and unamortized discount of $7,577	-	6,713,539	6,713,539
Due after one year, net of unamortized premium of $12,763,209 and unamortized discount of $54,933	-	191,048,276	191,048,276
Total liabilities	$ 216,942,397	$ 201,120,973	$ 418,063,370
DEFERRED INFLOWS OF RESOURCES			
Deferrend inflows of resources from pensions	$ -	$ 82,164	$ 82,164
NET POSITION			
Net position:			
Restricted	$ 1,019,582	$ 618,890,124	$ 619,909,706
Unrestricted (deficit)	(207,699,481)	17,879,216	(189,820,265)
Total net position	$ (206,679,899)	$ 636,769,340	$ 430,089,441

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenue	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Business-Type Activities	Total
Governmental activities:					
Interest and bond issuance costs on long-term debt	$ 9,710,946	$ -	$ (9,710,946)	-	$ (9,710,946)
Business-type activities:					
Infrastructure and jobs development	77,733,759	2,590,776	-	(75,142,983)	(75,142,983)
Total primary government	$ 87,444,705	$ 2,590,776	$ (9,710,946)	$ (75,142,983)	$ (84,853,929)
General revenues:					
Intergovernmental			$ 23,000,000	$ 26,000,000	$ 49,000,000
Investment earnings			3,728	248,852	252,580
Total general revenues and transfers			23,003,728	26,248,852	49,252,580
Change in net position			13,292,782	(48,894,131)	(35,601,349)
Net position, beginning of year			(219,972,681)	685,810,950	465,838,269
Cumulative effect of change in accounting principle			-	(147,479)	(147,479)
Net position, beginning of year, as restated			(219,972,681)	685,663,471	465,690,790
Net position, end of year			$ (206,679,899)	$ 636,769,340	$ 430,089,441

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2015

	Debt Service Fund
ASSETS	
Cash	$ 1,019,582
FUND BALANCE	
Restricted	$ 1,019,582
Total fund balance	$ 1,019,582

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

Year Ended June 30, 2015

	Debt Service Fund
Revenues:	
Intergovernmental	$ 23,000,000
Investment earnings	3,728
Total revenues	23,003,728
Expenditures:	
Debt service:	
Principal	15,885,000
Interest	5,731,903
Bond issue costs	367,263
Total expenditures	21,984,166
Net change in fund balance	1,019,562
Fund balance, beginning of year	20
Fund balance, end of year	$ 1,019,582

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF NET POSITION - PROPRIETARY FUND

Year Ended June 30, 2015

	Enterprise Fund
ASSETS	
Current assets:	
Cash equivalents	$ 250,758,111
Investments	102,847,563
Current portion of loans receivable	18,804,237
Accrued interest receivable	1,941,951
Prepaid insurance	15,153
Miscellaneous receivable	17,918
Total current assets	374,384,933
Noncurrent assets:	
Asset held by others	528,600
Prepaid insurance	348,730
Loans receivable, net of allowances of $14,643,000	460,397,307
Total noncurrent assets	461,274,637
Total assets	$ 835,659,570
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources from pensions	$ 44,777
Loss on bond refundings	2,268,130
	$ 2,312,907
LIABILITIES	
Current liabilities:	
Accounts payable	$ 18,533
Due to other State of West Virginia agencies	194,684
Accrued interest payable	3,068,271
Current portion of revenue bonds payable, net of unamortized premium of $686,116 and unamortized discount of $7,577	6,713,539
Total current liabilities	9,995,027
Noncurrent liabilities:	
Net pension liability	77,670
Noncurrent portion of revenue bonds payable, net of unamortized premium of $12,763,209 and unamortized discount of $54,933	191,048,276
Total liabilities	$ 201,120,973
DEFERRED OUTFLOWS OF RESOURCES	
Deferred inflows of resources from pensions	$ 82,164
NET POSITION	
Restricted	$ 618,890,124
Unrestricted	17,879,216
Total net position	$ 636,769,340

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUND

Year Ended June 30, 2015

	Enterprise Fund
Interest charges for services	$ 2,590,776
Operating expenses:	
Infrastructure and economic development	60,472,348
Provisions for uncollectible loans	8,750,000
General and administrative	866,523
Total operating expenses	70,088,871
Operating loss	(67,498,095)
Nonoperating revenues (expenses):	
Intergovernmental	26,000,000
Investment earnings, net	248,852
Bond issue costs	(604,567)
Interest on bonds	(7,040,321)
Total nonoperating revenues, net	18,603,964
Change in net position	(48,894,131)
Net position, beginning of year	685,810,950
Cumulative effect of change in accounting principle	(147,479)
Net position, beginning of year, as restated	685,663,471
Net position, end of year	$ 636,769,340

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year Ended June 30, 2015

	Enterprise Fund
Cash flows from operating activities:	
Receipts of principal on loans	$ 30,955,205
Receipts of interest on loans	2,809,401
Disbursements of loans	(36,219,941)
Disbursements of grants	(60,472,348)
Disbursements of general and administrative expenses	(893,478)
Disbursements on behalf of employees	117,745
Disbursements on behalf of other agencies	(178,766)
Net cash used in operations	(63,882,182)
Cash flows from noncapital financing activities:	
Excess lottery and other appropriations	26,000,000
Principal paid on revenue bonds	(2,620,000)
Proceeds from issuance of revenue bonds	75,790,000
Interest paid on revenue bonds	6,815,507
Net cash provided by noncapital financing activities	105,985,507
Cash flows from investing activities:	
Purchase of investments	(199,904,590)
Proceeds from sale of investments	199,918,832
Investment earnings	244,798
Net cash provided by investing activities	259,040
Net increase in cash and cash equivalents	42,362,365
Cash and cash equivalents, beginning of year	209,000,313
Cash and cash equivalents, end of year	$ 251,362,678
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (67,498,095)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Provision for loan losses	8,750,000
Pension expense	9,667
Changes in operating accounts:	
Due from other agencies	471,400
Due to other agencies	124,439
Loans receivable	(5,764,735)
Miscellaneous receivables	255
Accrued interest receivable	218,370
Receipts from other agencies	(147,479)
Accounts payable	(3,914)
Deferred outflows of resources due to pension contributions	(42,090)
Net cash used in operating activities	$ (63,882,182)

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS

1 - REPORTING ENTITY

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

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

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

2 - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

3 - MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

3 - MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

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

The government reports the following major governmental fund:

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

The government reports the following major proprietary fund:

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

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

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

4 - SIGNIFICANT ACCOUNTING POLICIES

Budgetary Accounting

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

Cash Equivalents

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

Investments

All investments with readily determined fair values are stated at fair value determined from published sources.

4 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Uncollectible Loans

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

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

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

Interfund Transactions

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

Bond Premiums, Discounts and Issuance Costs

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

Deferred Outflows of Resources / Deferred Inflows of Resources

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

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

4 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension

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

Arbitrage Rebate Payable

The United States Internal Revenue Code of 1986, as amended (the “Code”), prescribes restrictions applicable to the Council as issuer of Infrastructure Fund Revenue and Refunding Bonds. Among those include restrictions on earnings on the bond proceeds. The Code requires payment to the federal government of investment earnings on certain bond proceeds in excess of the amount that would have been earned if the proceeds were invested at a rate equal to the yield on the bonds. As of June 30, 2015, the Council is not liable to the federal government as a result of arbitrage.

Fund Balances

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

Net Position

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

5 - CUMULATIVE EFFECT OF ADOPTION OF ACCOUNTING PRINCIPLE

Effective July 1, 2014, the Council adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*-an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*-an amendment of GASB Statement No. 68. The Council determined that it was not practical to restate all periods presented and has recorded the cumulative effect of the decrease to beginning net position of implementing this change of $147,479 as of July 1, 2014, which is the net pension liability of $188,435 less deferred outflows of resources related to pension plan contributions of $40,956 as of that date. The Council further determined that it was not practical to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to pensions as of July 1, 2014 and these amounts are not reported.

6 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Total fund balance on governmental fund balance sheet	$ 1,019,582
Under the current financial resources measurement focus and modified accrual basis of accounting, liabilities related to debt service are not recorded until due and are not included in the governmental funds balance sheet:	
Prepaid insurance on outstanding bond issues	48,139
Deferred outflows of resources	9,194,777
General obligation bonds	(215,964,079)
Accrued interest on general obligation bonds	(978,318)
Net position (deficit) of governmental activities	$ (206,679,899)

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

Net change in fund balance - governmental fund	$ 1,019,562
Principal debt payments recorded on the modified accrual basis of accounting are not recorded in the governmental activities	15,885,000
Proceeds from GO refunding bonds, including premiums	(84,731,652)
Payment to refunded bonds escrow agent	84,731,652
Accretion of interest related to capital appreciation bonds is an expense of the governmental activities	(3,611,780)
Change in net position of governmental activities	$ 13,292,782

7 - DEPOSIT AND INVESTMENT RISK DISCLOSURES

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

As required by West Virginia Code, the mineral severance tax revenue appropriated annually for debt service on the general obligation bonds is deposited in the General Obligation Debt Service Fund held by the Treasurer of the State of West Virginia and is invested in accordance with the Act and in conformity with investment guidelines of the Board of Treasury Investments (BTI). The Council's Debt Service Fund, which is included in the General Obligation Debt Service Fund's cash balances, reports a carrying amount of $1,019,582 at June 30, 2015.

Interest Rate Risk - West Virginia Money Market Pool

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

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

Security Type	Carrying Value (In Thousands)	WAM (Days)
Repurchase agreements	$ 12,523	1
U.S. treasury notes	229,760	75
U.S. treasury bills	92,059	123
Commercial paper	846,764	30
Certificates of deposit	203,005	51
U.S. agency discount notes	304,342	60
Corporate bonds and notes	30,000	75
U.S. agency bonds	81,994	58
Money market funds	90,017	1
	$ 1,890,464	47

7 - DEPOSIT AND INVESTMENT RISK DISCLOSURES (Continued)

Interest Rate Risk - All Other Investments

As of June 30, 2015, the Council had the following investments and maturities:

		Investment Maturities (in Years)	
Investment Type	Fair Value	Less than 1	1-5
Guaranteed investment contracts	$ 2,870,313	$ -	$ 2,870,313
U.S. Treasury obligations	99,977,250	99,977,250	-
Money markets	250,758,111	250,758,111	-
	$ 353,605,674	$ 350,735,361	$ 2,870,313

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

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

Concentration of Credit Risk - West Virginia Money Market Pool

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single corporate issuer. The BTI investment policy prohibits the West Virginia Money Market Pool from investing more than 5% of their assets in any one corporate name or one corporate issue. The West Virginia Money Market Pool is not exposed to concentration of credit risk.

Concentration of Credit Risk - All Other Investments

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

7 - DEPOSIT AND INVESTMENT RISK DISCLOSURES (Continued)

Concentration of Credit Risk - All Other Investments (Continued)

	Permitted Investments	Maximum Percentage of Portfolio	Enterprise Fund Percentage as of June 30, 2015
(a)	Direct Federal Obligations	100%	28.27%
(b)	Federally Guaranteed Obligations	100%	-
(c)	Federal Agency Obligations	90%	-
(d)	Money Markets	90%	70.92%
(e)	Repurchase Agreements/Investment Contracts	90%	.81%
(f)	Time Deposits/Certificates of Deposit	90%	-
(g)	Demand Deposits	30%	-
(h)	Corporate Obligations	15%	-
(i)	Other State/Local Obligations	15%	-
(j)	West Virginia Obligations	15%	-
(k)	Housing Bonds – Secured by Annual Contributions Contracts	5%	-

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

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

Credit Risk - West Virginia Money Market Pool

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

7 - DEPOSIT AND INVESTMENT RISK DISCLOSURES (Continued)

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all corporate bonds to be rated AA- by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P-1 by Moody's. The pool must have at least 15% of its assets in U.S. Treasury issues. The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

	Credit Rating			Percent of
Security Type	Moody's	S&P	Carrying Value	Pool Assets
Commercial paper	P-1	A-1+	$ 186,737	9.88 %
	P-1	A-1	660,027	34.91
Corporate bonds and notes	Aa3	A+	10,005	0.53
	Aa3	AA-	10,000	0.53
	Aa3	NR	10,000	0.53
U.S. agency bonds	Aaa	AA+	81,994	4.34
U.S.Treasury notes*	Aaa	AA+	229,760	12.15
U.S. Treasury bills*	P-1	A-1+	92,059	4.87
Negotiable certificates of deposit	Aa2	AA-	10,000	0.53
	P-1	A-1+	51,000	2.70
	P-1	A-1	142,000	7.51
U.S. agency discount notes	P-1	A-1+	304,342	16.10
Money market funds	Aaa	AAAm	90,017	4.76
Repurchase agreements (underlying securities):				
U.S. treasury notes*	Aaa	AA+	1,323	0.07
U.S. agency notes	Aaa	AA+	11,200	0.59
			$ 1,890,464	100.00 %

NR - Not rated by rating agency.

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - DEPOSIT AND INVESTMENT RISK DISCLOSURES (Continued)

Credit Risk - All Other Investments

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

Security Type	Moody's	Standard & Poors	Fair Value
Investment of bond proceeds:			
Guaranteed investment contracts	A2	AA-	$ 2,870,313
Investment of other revenues:			
Money markets	Aaa-mf	AAAm	250,758,111
U.S. Treasury obligations	Aaa-mf	AAAm	99,977,250
West Virginia Money Market Pool	-	AAAm	1,019,582
Total cash equivalents and investments			$ 354,625,256

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

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

Custodial Credit Risk - West Virginia Money Market Pool

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

7 - DEPOSIT AND INVESTMENT RISK DISCLOSURES (Continued)

Custodial Credit Risk - All Other Investments

The Authority's investment guidelines for the Council put certain restrictions on repurchase agreements, including the following: the Council can only enter into repurchase agreements with financial institutions having a credit rating of at least "A/A"; collateral is limited to direct federal, federally guaranteed or federal agency obligations; collateral is required to be delivered to a third-party custodian, the Council or the trustee; and, the financial institution must guarantee the aggregate market value of the collateral will equal or exceed the outstanding repurchase agreement by the margin specified in the respective repurchase agreement. As of June 30, 2015, the Council held no securities that were subject to custodial credit risk.

Foreign Currency Risk - All Investments

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

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

As disclosed in this Note:	
Total investments	$ 353,605,674
Less: cash equivalents	(250,758,111)
Carrying amount of investments	$ 102,847,563
As reported on the Statement of Net Position - Proprietary Fund:	
Investments	$ 102,847,563

8 - REFUNDINGS OF DEBT

On January 29, 2015, the State issued Infrastructure General Obligation Refunding Bonds, Series 2015A, in the amount of $65,965,000, with interest rates ranging from 3.0% to 5.0%, to advance refund $6,250,000, $26,100,000, and $37,755,000 of the State's outstanding Series 1996D, 1998A, and a portion of the Series 2006 general obligation bonds, respectively, with interest rates ranging from 4.275% to 5.25%. The proceeds of $79,239,538 (including original issue premium of $12,939,803) and other funds available to the State were used to pay $334,705 in underwriting and other issuance costs relating to the refunding bond issue; and transfer funds to escrow of $6,250,000 and $37,755,000 for the Series 1996D and Series 2006 general obligation bonds, respectively, to be called November 1, 2016, and $26,100,000 for the Series 1998A to be called November 1, 2018, plus accrued interest. As a result of this advance refunding, these bonds are in substance defeased and the liability for these bonds has been removed from the accompanying financial statements.

The State completed the refunding to reduce its total debt service payments over the next 13 years by $9,899,653 and to obtain an economic gain (difference between the present values of the old and new debt service requirements) of $8,876,601.

8 - REFUNDINGS OF DEBT (Continued)

On January 29, 2015, the State also issued Infrastructure General Obligation Refunding Bonds, Series 2015B, in the amount of $5,690,000, with an interest rate of 2.0%, to refund $5,700,000 of the State's outstanding Series 1999C general obligation bonds with interest rates ranging from 6.6% to 6.625%. The proceeds of $5,861,560 (including original issue premium of $135,260) and other funds available to the State were used to pay $32,558 in underwriting and other issuance costs relating to the refunding bond issue; provide for the March 2, 2015 refund of $5,700,000 of the Series 1999C general obligation bonds, plus accrued interest through March 2, 2015.

The state completed the refunding to reduce its total debt service payments over the next 5 years by $690,887 and to obtain an economic gain of $675,980.

9 - LONG -TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance July 1, 2014	Additions/ Accretions	Debt Reductions	Balance June 30, 2015
Governmental fund type:				
General Obligation Bonds*				
1996 Series A and D	$ 14,245,000	$ -	$ 6,250,000	$ 7,995,000
1998 Series A	26,100,000	-	26,100,000	-
1999 Series C	6,900,000	-	6,900,000	-
1999 Series A Capital Appreciation	76,118,579	3,952,084	7,100,000	72,970,663
2006 Series A Refunding	82,020,000	-	41,760,000	40,260,000
2011 Series A Refunding	11,660,000	-	3,580,000	8,080,000
2015 Series A Refunding	-	65,965,000	-	65,965,000
2015 Series B Refunding	-	5,690,000	-	5,690,000
	217,043,579	75,607,084	91,690,000	200,960,663

	Balance July 1, 2014	Additions/ Accretions	Debt Reductions	Balance June 30, 2015
Business type activity:				
Revenue and Refunding Bonds				
2006 Series A	$ 39,935,000	$ -	$ 880,000	$ 39,055,000
2006 Series B	9,735,000	-	650,000	9,085,000
2007 Series A	35,435,000	-	600,000	34,835,000
2012 Series A Refunding	26,100,000	-	490,000	25,610,000
2014 Series A	-	75,790,000	-	75,790,000
	111,205,000	75,790,000	2,620,000	184,375,000
Total	$ 328,248,579	$ 151,397,084	$ 94,310,000	$ 385,335,663

9 - LONG -TERM DEBT (Continued)

Debt Service Fund

A 1994 Constitutional Amendment authorized the issuance of $300,000,000 in Infrastructure General Obligation Bonds. The Infrastructure General Obligation Bonds were issued in four separate issues totaling $299,993,910: Series 1996A - $35,300,000; Series 1996B $14,700,000; Series 1996C - $10,000,000; Series 1996D - $50,000,000; Series 1996E - $7,000,000; Series 1998A - $68,000,000; Series 1998B - $10,000,000; Series 1998C - $14,000,000; Series 1999A - $69,693,910; Series 1999B - $7,300,000; and Series 1999C - $14,000,000. In November 2006, the Infrastructure General Obligation Refunding Bonds, Series 2006, partially refunded the Series 1996A, Series 1996D and Series 1998A Bonds. In September 2011, the Infrastructure General Obligation Refunding Bonds, Series 2011A, refunded the Series 1996B, Series 1998B, and Series 1999B Bonds. In January 2015, the Infrastructure General Obligation Refunding Bonds, Series 2015A, refunded Series 1996D, Series 1998A, and partially refunded Series 2006. The Infrastructure General Obligation Refunding Bonds, Series 2015B, refunded Series 1999C.

The proceeds from the Council's bond programs provide financial assistance to infrastructure and economic development projects throughout the state. All general obligation bonds are considered a moral obligation of the State of West Virginia. The source of repayment for the general obligation, capital appreciation, and refunding bonds is the annual receipt of $23 million of mineral severance tax revenue deposited into the Governmental Fund from the State's general fund. Principal, net of accretion, and interest paid on these bonds were $15,885,000 and $5,731,903, respectively for the year ended June 30, 2015.

Future maturities of general obligation bonds and capital appreciation bonds, with interest rates ranging from .20% to 7.625% and maturing through 2027, are as follows:

General Obligation Bonds:

	Principal	Interest	Total
2016	$ 9,355,000	$ 5,663,153	$ 15,018,153
2017	9,710,000	5,220,613	14,930,613
2018	9,980,000	4,752,900	14,732,900
2019	10,530,000	4,249,031	14,779,031
2020	9,635,000	3,739,563	13,374,563
	49,210,000	23,625,260	72,835,260
2021 - 2025	51,050,000	11,206,819	62,256,819
2026 - 2027	27,730,000	1,123,138	28,853,138
	78,780,000	12,329,957	91,109,957
	$ 127,990,000	$ 35,955,217	$ 163,945,217

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)

9 - LONG -TERM DEBT (Continued)

Debt Service Fund (Continued)

Capital Appreciation Bonds:

	Principal, net of amounts to be accreted in future years	Amounts to be accreted in future years	Total
2016	$ 6,927,654	$ 122,346	$ 7,050,000
2017	6,640,202	484,798	7,125,000
2018	6,240,327	834,673	7,075,000
2019	5,862,332	1,162,668	7,025,000
2020	6,777,888	1,797,112	8,575,000
	32,448,403	4,401,597	36,850,000
2021 - 2025	30,133,343	14,716,657	44,850,000
2026 - 2027	10,388,917	8,311,083	18,700,000
	40,522,260	23,027,740	63,550,000
Total capital appreciation bonds	72,970,663	$ 27,429,337	$ 100,400,000
Total general obligation bonds and capital appreciation bonds	200,960,663		
Add: unamortized premium	15,003,416		
Less: amount due within one year	(17,786,610)		
Amount due after one year	$ 198,177,469		

9 - LONG -TERM DEBT (Continued)

Business Type Activity

Future maturities of principal and interest of revenue and refunding bonds, with interest ranging from 2.0% to 5.0% and maturing through October 2045, are as follows:

	Principal	Interest	Total
2016	$ 6,035,000	$ 8,346,848	$ 14,381,848
2017	5,205,000	8,095,598	13,300,598
2018	5,430,000	7,859,423	13,289,423
2019	5,645,000	7,607,285	13,252,285
2020	5,940,000	7,340,154	13,280,154
	28,255,000	39,249,308	67,504,308
2021 - 2025	33,905,000	32,186,359	66,091,359
2026 - 2030	40,630,000	23,614,888	64,244,888
2031 - 2035	48,755,000	13,357,888	62,112,888
2036 - 2040	23,285,000	4,650,194	27,935,194
2041 - 2045	8,655,000	1,188,806	9,843,806
2046	890,000	21,138	911,138
	156,120,000	75,019,273	231,139,273
Total revenue and refunding bonds	184,375,000	$ 114,268,581	$ 298,643,581
Add: unamortized premium	13,449,325		
Less: unamortized discount	(62,510)		
Less: amount due within one year	(6,713,539)		
Amount due after one year	$ 191,048,276		

Series 2014 A bonds, in the face amount of $75,790,000, with an interest rate of 5%, were issued October 16, 2014. The proceeds of $88,140,935 (including original issue premium of $12,350,935) were used to pay $604,567 in underwriting fees and other issuance costs relating to the bond issue, and the balance of $87,536,368 was transferred to a project fund to provide grants for the Chesapeake Bay/Greenbrier Watershed projects.

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

The primary source of repayment for the remaining revenue and refunding bonds is the receipt of payments of principal and interest on a set of loans, known as defined loans, previously made to projects from general obligation and revenue bond proceeds. Repayments of principal and interest on the defined loans of $7,649,486 and $922,707 respectively were available for revenue bond debt service of $7,365,948, comprised of $2,620,000 for principal and $4,745,948 for interest, respectively for the year ended June 30, 2015.

9 - LONG -TERM DEBT (Continued)

Business Type Activity (Continued)

The bonds are subject to the arbitrage rebate provisions of the Internal Revenue Code which requires that 90% of excess investment earnings on the bond proceeds be paid to the United States Internal Revenue Service every five years in order for the bonds to maintain their tax-exempt status. As of June 30, 2015, the Council had no liability for excess investment earnings on bond proceeds.

In prior years, certain general obligation bonds and revenue bonds were defeased by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the Council's financial statements. At June 30, 2015, there were $70,105,000 in defeased general obligation bonds outstanding.

10 - TRANSACTIONS WITH STATE OF WEST VIRGINIA AGENCIES

The Council received $23 million of mineral severance tax revenue from the State's general fund into the Debt Service Fund to accommodate the general obligation bonds debt service payments required in fiscal year 2015. Funds remaining after the payment of general obligation bonds debt service have been transferred to the Enterprise Fund to provide additional lending and granting capacity, which is consistent with the Council's purpose.

West Virginia Code §29-22-18a (Section 18a) created within the State's lottery fund in the State Treasury an excess lottery revenue fund from which moneys are disbursed in specific allocations to various State accounts, including the Council. In accordance to House Bill 205, $26 million was appropriated to the West Virginia Infrastructure Council during fiscal year 2015 with the first $6 million to be used for debt service on the Series 2014 bonds that were issued for the Chesapeake Bay and Greenbrier Watershed projects and the remaining $20 million to be used for water, wastewater and economic development projects around the state.

During the year ended June 30, 2015, the Council contributed $1,769,000 to the Bureau for Public Health for the required State match for the federally sponsored Drinking Water Treatment Revolving Fund to secure federal dollars and continue that program. Also during the year ended June 30, 2015, the Council contributed $4,377,600 to the Department of Environmental Protection as required State match for the federally sponsored Clean Water State Revolving Fund for the purpose of securing federal dollars and continuing that program.

The West Virginia Water Development Authority (the Authority) as the fiduciary agent of the Council, pays for certain expenses on behalf of the Council. As of June 30, 2015, the Council had incurred $898,944 of expenses of which $194,684 remains unpaid at June 30, 2015.

11 - EMPLOYEE BENEFITS

<u>Pension Plan</u>

Plan Description

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

Benefits Provided

PERS provides retirement benefits as well as death and disability benefits. Qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Average salary is the average of the highest annual compensation during any period of three consecutive years within the last fifteen years of earnings. 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.

Contributions

Although contributions are not actuarially determined, actuarial valuations are performed to assist the Legislature in establishing appropriate contribution rates. Current funding policy requires contributions, consisting of member contributions of 4.5% of covered payroll and employer contributions of 14.0%, 14.5%, and 14.0% for the years ended June 30, 2015, 2014, and 2013, respectively.

During the years ended June 30, 2015, 2014, and 2013, the Council's contributions to PERS required and made were approximately $42,090, $37,400, and $32,210, respectively.

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

At June 30, 2015, the Council reported a liability of $77,670 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to the measurement date of June 30, 2014. The Council's proportion of the net pension liability was based on the Council's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2014. At June 30, 2014, the Council's proportion was .021093 percent, which was a decrease of 0.000039 from its proportion measured as of June 30, 2013.

11 - EMPLOYEE BENEFITS (Continued)

Pension Plan (Continued)

For the year ended June 30, 2015, the Council recognized pension expense of $9,667. At June 30, 2015, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 82,164
Changes in proportion and differences between The Council's contributions and proportionate share of contributions	2,687	-
The Council's contributions made subsequent to the measurement date of June 30, 2014	42,090	-
Total	$ 44,777	$ 82,164

$42,090 reported as deferred outflows of resources related to pensions resulting from the Council's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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,	
2016	$ (19,719)
2017	(19,719)
2018	(19,719)
2019	(20,320)

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.2 percent
Salary increases	4.25 - 6.0 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense

Mortality rates were based on the 1983 GAM for healthy males, 1971 GAM for healthy females, 1971 GAM for disabled males, and Revenue Ruling 96-7 for disabled females.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 through June 30, 2009.

11 - EMPLOYEE BENEFITS (Continued)

Pension Plan (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	15.0%	2.9 - 4.8%
Domestic equity	27.5%	7.6%
International equity	27.5%	8.5%
Real estate	10.0%	6.8%
Private equity	10.0%	9.9%
Hedge funds	10.0%	5.0%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will continue to be made at statutorily required rates, which are determined annually based on actuarial valuations. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
The Council's proportionate share of the net pension liability (asset)	$ 220,225	$ 77,670	$ (43,304)

12 - SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses in the enterprise fund for the year ended June 30, 2015, were as follows:

Salaries and benefits	$ 435,738
Legal	140,569
Consulting and professional	63,994
Rentals	91,106
Travel and training	8,810
Office supplies	5,230
Computer services	3,871
Telecommunications	2,287
Trustee	104,881
Insurance	3,378
Postage	375
Property taxes	5,969
Association Dues	225
Storage Expense	90
Total general and administrative	$ 866,523

13 - RISK MANAGEMENT

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

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

The Council obtained coverage transferring its risk for general liability, property damage, business interruption, errors and omissions, and natural disasters from the West Virginia Board of Risk and Insurance Management in exchange for an annual premium. There were no changes in any of the above coverages or claims in excess of coverage for the year ended June 30, 2015.

14 - RESTRICTED NET POSITION

Restrictions of net position are the result of constraints placed on the use of net position which have been imposed through third party bond indentures and enabling legislation. The enterprise fund Statement of Net Position reports $618,890,124 of restricted net position, of which $97,585,377 is restricted for the debt service related to the defined loan program segment of the revenue bonds.

15 - COMMITMENTS

The Council's Enterprise Fund has issued commitments to loan or grant funds to qualifying applicants for a period of time contingent on numerous actions to be completed by the applicants. As of June 30, 2015, $62,350,300 was designated by the Council for loans and grants to water, wastewater, and economic development projects. The Council also has commitments to provide grants in the amount of $55,439,000 for Chesapeake Bay and Greenbrier Watershed projects. The Council has also designated $1,757,400 for contributions to one State agency for the required State match for federally sponsored revolving funds.

On October 15, 2015, the Board of Directors of the West Virginia Water Development Authority authorized the advance refunding of the 2007 Series A bonds in the amount of $34,210,000 through issuance of the West Virginia Water Development Authority Infrastructure Refunding Revenue Bonds (West Virginia Infrastructure and Jobs Development Council Program) 2015 Series A bonds in the amount not to exceed $37,000,000. The issuance of the bonds is subject to market conditions, certain other conditions, and the approval of other State of West Virginia government agencies. The refunding of the above bonds is being considered to provide significant debt service savings.

16 - NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Council's management has not determined the effect, if any, this statement will have on its financial statements.

The GASB has issued three statements relating to accounting and financial reporting for pension and postemployment benefit plans: Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of Statement No. 73 are effective for financial statements for periods beginning after June 15, 2016, and the provisions of Statement No. 75 are effective for periods beginning after June 15, 2017. The Council's management has not determined the effect, if any, these statements will have on its financial statements.

The GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which identifies the hierarchy of generally accepted accounting principles used to prepare financial statements of state and local governments. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Council's management has not determined the effect, if any, this statement will have on its financial statements.

17 - SEGMENT INFORMATION

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

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2015

17 - SEGMENT INFORMATION (Continued)

	Defined Loan Program
Assets:	
Current	$ 21,635,399
Noncurrent	185,108,536
Total assets	$ 206,743,935
Deferred outflows of resources:	
Losses on bond refundings	2,268,130
	$ 2,268,130
Liabilities:	
Current	$ 4,135,500
Noncurrent	107,291,188
Total liabilities	111,426,688
Net position:	
Restricted	$ 97,585,377
Operating revenue:	
Charges for services	$ 922,707
Operating expenses:	
General and administrative	292,827
Interest on bonds	4,775,525
Operating loss:	(4,145,645)
Nonoperating revenues (expenses):	
Interest and investment revenue, net of arbitrage	139,019
Other	(22,729)
Transfers (net)	(4,180,695)
Change in net position	(8,210,050)
Beginning net position	105,795,427
Ending net position	$ 97,585,377
Cash flows:	
Net cash provided (used) by:	
Operating activites	$ 3,842,470
Noncapital financing activities	(6,757,651)
Investing activities	138,521
Beginning cash and cash equivalents	16,677,873
Ending cash and cash equivalents	$ 13,901,213

REQUIRED SUPPLEMENTARY INFORMATION

THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System Plan

June 30, 2015

The Council's proportion (percentage) of the net pension liability		0.0232%
The Council's proportionate share of the net pension liability	$	77,670
The Council's covered employee payroll	$	330,997
The Council's proportionate share of the net pension's liability as a percentage of its covered employee payroll		23.47%
Plan fiduciary net position as a percentage of the total pension liability		93.98%

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

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

THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE OF CONTRIBUTIONS TO THE PERS

	Years Ended June 30		
	2015	2014	2013
Statutorily required contribution	$ 42,090	$ 37,400	$ 32,210
Contributions in relation to the statutorily required contribution	(42,090)	(37,400)	(32,210)
Contribution deficiency (excess)	$ -	$ -	$ -
The Council's covered employee payroll	$ 301,770	$ 257,684	$ 232,969
Contributions as a percentage of covered-employee payroll	13.95%	14.51%	13.83%

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

THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

1 - TREND INFORMATION PRESENTED

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the West Virginia Infrastructure and Jobs Development Council (the Council), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 23, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gibbons & Kawash, A.C.

Charleston, West Virginia
October 23, 2015