Hatfield-Mccoy Regional Recreation Authority

Financial Report

June 30, 2021 and 2020

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Independent Auditor's Report on the Financial Statements

Board of Directors
Hatfield-McCoy Regional Recreation Authority
Man, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Hatfield-McCoy Regional Recreation Authority (the Authority) as of and for the year ended June 30, 2021 and 2020, and the related footnotes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of June 30, 2021 and 2020, and the changes in financial position and 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

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as of and for the years ended June 30, 2021 and 2020, as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), for the year ended June 30, 2021, is presented for purposes of additional analysis and is not a required part of the 2021 financial statements. Also, the accompanying schedule of state awards for the year ended June 30, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information has been subjected to the auditing procedures applied in the audits of the 2021 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 financial statements or to the 2021 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in the accompanying supplementary schedules is fairly stated, in all material respects, in relation to the 2021 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2021. 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 the Authority's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Charleston, West Virginia
May 25, 2022

HATFIELD-MCCOY REGIONAL RECREATION AUTHORITY

STATEMENTS OF NET POSITION
Years Ended June 30, 2021 and 2020

ASSETS		**2021**		2020
CURRENT ASSETS				
Cash and cash equivalents	**$**	**2,201,754**	$	946,658
Accounts receivable, net of allowance for bad debts of $27,502 in 2021 and $16,163 in 2020		**1,147,485**		811,661
Grants receivable		**46,548**		7,901
Prepaid expenses		**35,654**		131,324
Prepaid grant matching		**340,999**		234,204
Inventory		**42,496**		73,865
Total current assets		**3,814,936**		2,205,613
CAPITAL ASSETS, net of accumulated depreciation		**7,165,349**		6,524,252
Total assets	**$**	**10,980,285**	$	8,729,865
DEFFERRED OUTFLOWS				
Deferred outflows - pension	**$**	**260,876**	$	104,828
Deferred outflows - OPEB		**114,172**		101,719
Total deferred outflows		**375,048**		206,547
Total assets and deferred outflows	**$**	**11,355,333**	$	8,936,412
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	**$**	**65,730**	$	69,350
Accrued expenses		**141,481**		103,532
Current portion of long-term debt		**18,504**		-
Total current liabilities		**225,715**		172,882
LONG-TERM OBLIGATIONS				
Net pension liability		**331,804**		137,170
Net other post-employment benefits liability (OPEB)		**93,673**		322,738
Long-term debt, less current portion		**184,456**		-
Total liabilities	**$**	**835,648**	$	632,790
DEFFERRED INFLOWS				
Pension	**$**	**28,506**	$	94,428
OPEB		**280,550**		117,093
Total deferred inflows	**$**	**309,056**	$	211,521
NET POSITION				
Investment in capital assets	**$**	**6,962,389**	$	6,524,252
Unrestricted		**3,248,240**		1,567,849
Total net position		**10,210,629**		8,092,101
Total liabilities, deferred inflows, and net position	**$**	**11,355,333**	$	8,936,412

See Notes to Financial Statements

HATFIELD-MCCOY REGIONAL RECREATION AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
User permit sales	$ 3,918,963	$ 2,124,895
Marketing and promotional revenue	389,468	338,528
Bad debt expense	(14,303)	(15,993)
Total operating revenues	4,294,128	2,447,430
OPERATING EXPENSES		
Salaries and wages	1,310,767	1,251,817
Payroll taxes	104,177	129,131
Employee benefits	216,181	270,009
Travel and meetings	16,645	38,301
Office	243,422	163,463
Marketing and promotional	424,087	475,241
Trail permits	40,276	24,262
Rent and utilities	18,033	34,139
Legal and professional	415,695	323,720
Insurance	221,669	183,680
Depreciation	306,681	305,952
Trail development and maintenance	1,432,211	467,170
Building repairs and maintenance	17,730	54,092
Equipment and vehicle repairs and maintenance	247,327	218,712
Small tools and equipment	12,469	26,725
Gain on disposal of assets	(9,017)	(4,305)
Contract labor	348,832	374,993
Total operating expenses	5,367,185	4,337,102
Operating loss	(1,073,057)	(1,889,672)
NONOPERATING REVENUES (EXPENSES)		
Inter-governmental revenues	993,767	1,377,479
Grant revenues	2,189,761	1,617,474
Interest income	1,683	1,146
Interest expense	(3,417)	-
Other expense	(10,209)	(11,986)
Net nonoperating revenues	3,171,585	2,984,113
Change in net position before contributed capital	2,098,528	1,094,441
Capital contribution	20,000	855,000
Change in net position	2,118,528	1,949,441
NET POSITION		
Beginning of year	8,092,101	6,142,660
End of year	$ 10,210,629	$ 8,092,101

See Notes to Financial Statements

HATFIELD-MCCOY REGIONAL RECREATION AUTHORITY

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and other sources	$ 3,812,862	$ 2,029,375
Cash paid to employees	(1,698,573)	(1,702,069)
Cash paid to suppliers	(3,314,977)	(2,389,510)
Net cash (used in) operating activities	(1,200,688)	(2,062,204)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment of noncapital contribution to affiliates	(10,209)	(11,986)
Interest Paid on Long-Term Debt	(3,417)	-
Net cash (used in) noncapital financing activities	(13,626)	(11,986)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(966,178)	(2,045,624)
Proceeds from sale of capital assets	27,417	7,000
Proceeds from issuing Long-Term Debt	212,000	-
Principal payments on Long-Term Debt	(9,040)	-
Contributions for acquisition of capital assets	20,000	855,000
State funds in aid of acquisitions	3,183,528	2,876,796
Net cash provided by capital and related financing activities	2,467,727	1,693,172
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,683	1,146
Net cash provided by investing activities	1,683	1,146
Net increase (decrease) in cash and cash equivalents	1,255,096	(379,872)
Cash and cash equivalents:		
Beginning of year	946,658	1,326,530
End of year	$ 2,201,754	$ 946,658
RECONCILIATION TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (1,073,057)	$ (1,771,515)
Adjustments to reconcile operating (loss) to:		
Depreciation	306,681	305,952
Bad debt expense	14,303	15,993
(Gain) on disposal of equipment	(9,017)	(4,305)
(Increase) decrease in operating assets:		
Accounts and grants receivable	(388,774)	(420,610)
Inventory, prepaid expenses and other assets	127,039	(120,506)
Prepaid grant matching	(106,795)	(13,438)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	34,329	(11,080)
Net pension liability, deferred outflows and deferred inflows	(27,336)	47,109
OPEB liability, deferred outflows and deferred inflows	(78,061)	(89,804)
Net cash (used in) operating activities	$ (1,200,688)	$ (2,062,204)

See Notes to Financial Statements

Note 1. Description of Reporting Entity and Summary of Significant Accounting Policies

Reporting entity: The Hatfield-McCoy Regional Recreation Authority (the Authority) is a public corporation and government instrumentality of the State of West Virginia established under Chapter 20, Article 14 of the West Virginia Code.

The Authority was created to enable and facilitate the development and operation of a system of trail-oriented recreation facilities to be used for motorcycles or all-terrain vehicles, bicycle riding, horseback riding, and hiking. The Authority has developed, and currently maintains, trail systems located throughout southern West Virginia. The Authority receives support through the sale of trail permits, intergovernmental revenues provided through state appropriations, and federal and state grants.

The accompanying financial statements present the Authority (primary government) only since the Authority does not have component units.

Basis of accounting: The Authority is accounted for as a special purpose government instrumentally engaged in business-type activities in accordance with accounting principles generally accepted in the United States of America. As such, the financial statements are prepared on the accrual basis of accounting, using the flow of economic resources measurement focus. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The Authority's net position is classified as follows:

- **Invested in capital assets, net of relate debt** – This represents the Authority's total investment in capital assets, net of accumulated depreciation and reduced by any balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. The Authority had a debt balance related to its capital assets for $202,960 and $0 at June 30, 2021 and June 30, 2020.

- **Restricted net position, expendable** – This includes resources in which the Authority is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties, including creditors, grantors or contributors. The Authority does not have any restricted expendable resources at June 30, 2021 and 2020.

- **Restricted net position, nonexpendable** – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. The Authority does not have any restricted nonexpendable resources at June 30, 2021 and 2020.

- **Unrestricted net position** – This represents resources derived from other than capital assets or restricted resources. These resources are used for transactions relating to the general operations of the Authority and may be used at the discretion of the Board of Directors to meet current expenses for any purpose.

Cash and cash equivalents: Cash and cash equivalents include investments with original maturities of less than one month.

Inventory: Inventories which include retail and advertising merchandise are stated at the lower of cost or market using the last-in, first-out (LIFO) method.

Capital assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported at historical cost and include interest on funds borrowed to finance construction. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of one year. Contributed capital assets are valued at the approximate fair value at the date of contribution. Depreciation is computed using the straight-line method over a period of 5-39 years.

Net position: Net position is the difference between assets and liabilities. Net investment in capital assets consist of all capital assets, less accumulated depreciation. All remaining net position is considered unrestricted.

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

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from management's estimates. Significant estimates used in preparing these financial statements include those assumed in determining the allowance for uncollectible accounts and pension liabilities. It is at least reasonably possible that the significant estimates used will change within the next year.

Compensated absences: Employees fully vest in all earned but unused vacation and the Authority accrues for obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. In accordance with the State of West Virginia personnel policies, employees vest in any remaining unused sick leave only upon retirement, at which time such unused leave can be converted into employer paid premiums for post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits.

Net pension liability: For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of Hatfield-McCoy Regional Recreational Authority. Public Employee Retirement System (PERS) (referred to as the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the 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.

Other Post-Employment Benefits (OPEB): For purposes of measuring the net OPEB liability and deferred outflows/inflows of the resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Retiree Health Benefits Trust Fund (RHBT) and additions to/deductions from the RHBT's fiduciary net position have been determined on the same basis as they are reported by the RHBT. RHBT recognized benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Reclassifications: Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation. The reclassification had no effect on previously reported net position.

Subsequent events: In preparing these financial statements, the Authority has evaluated all events and transactions subsequent to June 30, 2021, for potential recognition or disclosure through May 25, 2022, the date these financial statements were issued.

Significant Recently Issued Pronouncements:

On June 28, 2017, the GASB issued Statement No. 87, Leases. This statement established a single approach to accounting for leases where all leases are recognized by lessees on their balance sheet through a lease asset and corresponding lease liability, including today's operating leases. The standard also requires that governmental entities report in their financial statements the amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, the interest expense on the lease liability, and informative disclosures about the lease. Additionally, GASB Statement 87, requires government lessors to recognize a lease receivable and a deferred inflow of resources and continue to report the leased asset in its financial statements; and report in its financial statements lease revenue recognized over the term of the lease corresponding with the reduction of the deferred inflow, interest income on the receivable; and informative note disclosures about the lease. The Authority adopted this guidance during the year ended June 15, 2021. The new standard is effective for financial statements for periods beginning after June 15, 2021. The Authority is currently evaluating the impact, if any, that adoption will have on its financial statements.

GASB No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018, establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. For financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. For financial statements prepared using the current financial resources measurement focus, interest incurred before the end of a construction period should continue to be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The Authority adopted this guidance during the year ended June 30, 2021. Adoption of this standard did not have a material impact on the Authority's financial statements.

GASB No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in GASB No. 87, *Leases.* It defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction; requires governments with SBITAs to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability (with an exception for short-term SBITAs—those with a maximum possible term of 12 months); and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The new standard is effective for financial statements for periods beginning after June 15, 2022. The Authority is currently evaluating the impact, if any, that adoption will have on its financial statements.

Note 2. Cash and Cash Equivalents

At June 30, 2021 and 2020, the Authority had deposits in financial institutions reported as cash and cash equivalents with carrying balances of $2,196,050 and $941,854, respectively, and bank balances of $2,244,669 and $1,056,418, respectively. Of the bank balances, $250,000 was insured by federal depository insurance and $1,400,000 was secured through letters of credit with FHLB Bank assigned to the Authority on behalf of United National Bank. The Authority has $594,669 and $0 as of December 31, 2021 and 2020, respectively, as uninsured and uncollateralized accounts. The Authority also had cash on hand of approximately $5,704 and $4,804 for years ending June 30, 2021 and 2020.

Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the duration of time to maturity of an investment is, the greater the sensitivity of its fair value is to changes in market interest rates. The Authority manages its exposure to interest rate risk by maintaining cash equivalent assets in interest bearing bank demand depository accounts that are less affected by changes in market rates as compared to long-term investments.

Note 3. Grants Receivable

Grants receivable from other governments at June 30, 2021 and 2020, consisted of:

	2021	2020
West Virginia Division of Highways	$ 46,548	$ 7,901

Note 4. Capital Assets

Capital asset additions, retirements and balances for the years ended June 30, 2021 and 2020, are as follows:

June 30, 2021	Beginning Balance	Additions / Transfers In	Retirements / Transfers Out	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Construction in process	$ 8,288	$ 5,886	$ (14,174)	$ -
Land	3,966,072	640,976	-	4,607,048
CAPITAL ASSETS BEING DEPRECIATED				
Infrastructure	105,569	-	-	105,569
Buildings	1,664,845	240,497	8,288	1,913,630
Equipment	1,908,287	-	-	1,908,287
Vehicles	1,385,449	72,325	(49,395)	1,408,379
Leasehold Improvements	530,557	6,494	5,886	542,937
Total capital assets being depreciated	5,594,707	319,316	(35,221)	5,878,802
Less accumulated depreciation for:				
Infrastructure	(94,999)	(6,618)	-	(101,617)
Buildings	(340,943)	(49,323)	-	(390,266)
Equipment	(1,206,037)	(147,590)	13,367	(1,340,260)
Vehicles	(1,155,025)	(72,897)	17,628	(1,210,294)
Leasehold improvements	(247,811)	(30,253)	-	(278,064)
Total capital assets being depreciated	(3,044,815)	(306,681)	30,995	(3,320,501)
Total capital assets being depreciated, net	2,549,892	12,635	(4,226)	2,558,301
Total capital assets, net	$ 6,524,252	$ 659,497	$ (18,400)	$ 7,165,349

June 30, 2020	Beginning Balance	Additions / Transfers In	Retirements / Transfers Out	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Construction in process	$ 60,682	$ 55,038	$ (107,432)	$ 8,288
Land	2,455,461	1,510,611	-	3,966,072
CAPITAL ASSETS BEING DEPRECIATED				
Infrastructure	105,569	-		105,569
Buildings	1,638,998	25,852	-	1,664,850
Equipment	1,583,210	325,077	-	1,908,287
Vehicles	1,247,651	175,797	(37,999)	1,385,449
Leasehold Improvements	475,091	60,681	(5,216)	530,556
Total capital assets being depreciated	5,050,519	587,407	(43,215)	5,594,711
Less accumulated depreciation for:				
Infrastructure	(87,961)	(7,038)	-	(94,999)
Buildings	(298,731)	(42,212)	-	(340,943)
Equipment	(1,055,504)	(150,537)	-	(1,206,041)
Vehicles	(1,117,484)	(75,540)	37,999	(1,155,025)
Leasehold improvements	(219,707)	(33,320)	5,216	(247,811)
Total capital assets being depreciated	(2,779,387)	(308,647)	43,215	(3,044,819)
Total capital assets being depreciated, net	2,271,132	278,760	-	2,549,892
Total capital assets, net	$ 4,787,275	$ 1,844,409	$ (107,432)	$ 6,524,252

Note 5. Long-Term Liabilities

A schedule of changes in the Authority's long-term liabilities are as follows:

	June 30, 2020	**Additions**	**Reductions**	**June 30, 2021**	**Amounts Due within 1 year**
Long-term debt:					
Note payable	**$ -**	**$ 212,000**	**$ 9,040**	**$ 202,960**	**$ 18,504**
	-	**212,000**	**9,040**	**202,960**	**18,504**
Other noncurrent liabilities:					
Net pension liability	**137,170**	**194,634**	**-**	**331,804**	**-**
Net OPEB liability	**322,738**	**-**	**229,065**	**93,673**	**-**
Total long-term Liabilities	**$ 459,908**	**$ 406,634**	**$ 238,105**	**$ 628,437**	**$ 18,504**

	June 30, 2019	Additions	Reductions	June 30, 2020	Amounts Due within 1 year
Other noncurrent liabilities:					
Net pension liability	171,786	-	34,619	137,170	-
Net OPEB liability	412,542	-	89,804	322,738	-
Total long-term Liabilities	$ 584,331	$ -	$ 124,423	$ 459,908	$ -

In December 2020, the Authority entered into a $212,000 note payable with Premier Bank, Inc. for the purchase of property at 180 Appalachian Outpost Trail. The note payable is due in monthly installments of $2,076, including interest at a variable rate equal to the Prime Rate with a floor of 3.25%, through December 2030. The variable interest rate was 3.25% at December 31, 2021 and changes in December 2025 and every 5 years thereafter. The note payable is secured by the property.

Aggregate maturities of long-term debt at June 30, 2021 are as follows:

Year ending June 30,	
2022	$ 18,504
2023	19,123
2024	19,749
2025	20,423
2026	21,106
Thereafter	104,055
Total	$ 202,960

Amounts recorded to interest expense for long-term debt for 2021 and 2020 are $3,417 and $0, respectively.

Note 6. Lease

On October 15, 2015, the Authority entered into a five-year operating lease for office space, maintenance facility, and storage with annual payments of $1,125 expiring on September 30, 2019. This lease was renewed on October 1, 2019 for an additional five-year term. Upon execution of the renewal, the Authority will incur monthly rental expense of $1,300.

Annual lease payments for the remaining term of the leases are as follows:

Year ending June 30,	
2022	$ 15,600
2023	15,600
2024	15,600
2025	3,900
Total	$ 50,700

Amounts charged to rent expense for the leases for 2021 and 2020 are $16,900 and $33,775, respectively.

Note 7. Pension Plan

Defined Benefit Pension Plan- West Virginia Employees Retirement System:

Plan Description, Contribution Information, and Funding Policies

The Authority participates in a state-wide, cost-sharing, multiple-employer defined benefit pension plan on behalf of employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

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

CPRB issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com. The following is a summary of eligibility factors, contribution methods and benefit provisions:

Public Employees Retirement System (PERS)

Eligibility to participate	All Authority full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefit provisions	State Statute
Plan Member's contribution rate	4.50% for members hired prior to July 1, 2015 and 6.00% for members hired after July 1, 2015
The Authority's contribution rate	10.00% for the year ended June 30, 2021 and 2020
Period required to vest	Five years prior to July 1, 2015 and ten years subsequent to July 1, 2015
Benefits and eligibility for distribution	Prior to July 1, 2015: A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit. Subsequent to July 1, 2015: A member who has attained age 62 and has earned 10 years or more of contributing service, or age 55 if sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

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

At June 30, 2021 and 2020, the Authority reported the following liability for its proportionate share of the net pension liabilities. The net pension liability as of June 30, 2021 was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, and rolled forward to June 30, 2020 using the actuarial assumptions and methods described in the appropriate section of this note. The net pension liability as of June 30, 2020 was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, and rolled forward to June 30, 2019. The Authority's proportion of the net pension liabilities was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2021 and 2020, the Authority reported the following proportions and increase/(decrease) from its proportion measured as of June 30:

	2021	2020
Amount for proportionate share of net pension liability	$ 331,804	$ 137,170
Percentage for proportionate share of net pension liability	0.062762%	0.063796%
Increase/(decrease) % from prior proportion measured	(0.001034%)	(0.002723%)

For the year ended June 30, 2021 and 2020, the Authority recognized $79,479 and $62,215 as pension expense.

The Authority reported deferred outflows of resources and deferred inflows and resources related to pension from the following sources as of June 30, 2021 and 2020:

June 30, 2021:	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
CHANGE OF ASSUMPTIONS		
Net difference between projected and actual earnings on pension plan investments	$ 105,165	$ -
Differences between expected and actual Experience	48,828	(6,840)
Changes of assumptions	-	(14,620)
Changes in proportion and differences between contributions and proportionate share of contributions	255	(7,046)
Contributions subsequent to the measurement date	106,628	-
	$ 260,876	$ (28,506)

June 30, 2020:		Deferred Outflows of Resources		Deferred Inflows of Resources
CHANGE OF ASSUMPTIONS				
Net difference between projected and actual earnings on pension plan investments	$	-	$	(49,580)
Differences between expected and actual Experience		5,309		(11,980)
Changes of assumptions		-		(25,182)
Changes in proportion and differences between contributions and proportionate share of contributions		2,280		(7,686)
Contributions subsequent to the measurement date		97,239		-
	$	104,828	$	(94,428)

The amount reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:		PERS
2022	$	(18,789)
2023		42,895
2024		73,572
2025		28,064
Total	$	125,742

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2019, and rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Public Employees Retirement System:	
Actuarial assumptions:	
Inflation rate	3.00% as of June 30, 2020
Salary increases	3.35%-6.50%
Investment Rate of Return	7.50%
Mortality Rates	Healthy males – 108% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 Healthy females – 122% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 Disabled males – 118% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 Disabled females – 117% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018

The total pension liability was determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

Public Employees Retirement System:

Actuarial assumptions:	
Inflation rate	3.00% as of June 30, 2019
Salary increases	3.10%-6.50%
Investment Rate of Return	7.50%
Mortality Rates	Healthy males – 108% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 Healthy females – 122% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 Disabled males – 118% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 Disabled females – 118% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018

The actuarial assumptions used in the July 1, 2020 and 2019, Public Employees Retirement System (PERS) valuations were based on the results of an actuarial experience study for the period June 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Rates summarized in the following table as of June 30, 2020 and 2019 (measurement date) include the inflation component and were used for the following defined benefit plan:

As of June 30, 2020	**Long-Term Expected Real Rate of Return**	**(PERS) Target Asset Allocation**
INVESTMENT		
US Equity (Russell 3000)	5.5%	27.5%
International Equity (ACWI ex US)	7.0%	27.5%
Fixed Income	2.2%	15.0%
Real Estate	6.6%	10.0%
Private Equity	8.5%	10.0%
Hedge Funds	4.0%	10.0%
		100.0%

As of June 30, 2019	**Long-Term Expected Real Rate of Return**	**(PERS) Target Asset Allocation**
INVESTMENT		
US Equity (Russell 3000)	5.8%	27.5%
International Equity (ACWI ex US)	7.7%	27.5%
Fixed Income	3.3%	15.0%
Real Estate	6.1%	10.0%
Private Equity	8.8%	10.0%
Hedge Funds	4.4%	10.0%
		100.0%

Discount rate - The discount rate used to measure the total pension liability was 7.5% as of June 30, 2020 and 2019 (measurement dates). The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

The following charts as of June 30, 2020 and 2019 (measurement dates), presents the sensitivity of the net pension liability to changes in the discount rate calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

As of June 30, 2021	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Authority's proportionate share of PERS's net Pension asset (liability)	$ (845,394)	$ (331,804)	$ 102,446

As of June 30, 2020	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Authority's proportionate share of PERS's net Pension asset (liability)	$ (638,948)	$ (137,170)	$ 287,303

Pension plans' fiduciary net position - Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

Note 8. Grant Revenues

Grants revenues recognized during the years ended June 30, 2021 and 2020, consisted of the following:

	2021	2020
West Virginia Division of Highways – Recreational Trails Program	$ 195,407	$ 87,249
Appalachian Regional Commission	261,694	470,508
Abandoned Mine Land Reclamation Program – Ivy Branch	1,092,624	717,425
Abandoned Mine Land Grant Ivy Phase II	640,036	53,100
Economic Adjustment Assistance Grant	-	269,626
Other	-	19,566
Total grant revenues	$ 2,189,761	$ 1,617,474

Note 9. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee health and life coverage and natural disasters. The Authority has purchased property and casualty insurance through the State of West Virginia's Board of Risk and Insurance Management (BRIM) and a commercial insurance carrier and employee health insurance and coverage for work-related accidents and injuries through commercial insurance carriers.

BRIM is a public risk pool that provides for general, property, medical malpractice, and automobile liability. Amounts paid to BRIM for the years ended June 30, 2021 and 2020 were $67,122 and $58,197.

In exchange for payment of premiums to BRIM and commercial insurance companies, the Authority has transferred its risks for property loss, employee health coverage and employee work related injuries.

Note 10. Post-Employment Benefits Other than Pension

The Authority participates in the West Virginia Other Post-Employment Benefit (OPEB) Plan of the West Virginia Retiree Health Benefit Trust Fund (RHBT), a cost sharing multiple-employer defined benefit post-employment healthcare plan for eligible employees administered by the West Virginia Public Employee Insurance Agency (PEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers.

The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the Finance Board to establish and amend benefit plans to the PEIA Board of Trustees. The PEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB plan. That report may be obtained by writing to West Virginia Public Employees Insurance Agency, 601 57th Street, Charleston, WV 25304, or from the PEIA website at www.peia.wv.gov. The Authority's required contributions for OPEB for fiscal years 2021 and 2020 were $43,376 and $40,773.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation of any estimate of future post-employment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs option, changes in the investment rate of return and other matters increase the level of uncertainty of such estimates. As such, the estimate of post-employment program costs contains considerable uncertainty and variability and actual experience may vary significantly by the current estimated net OPEB liability.

The net OPEB liability as of June 30, 2021 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to June 30, 2020 using the actuarial assumptions and methods described in the appropriate section of this note. The net OPEB liability as of June 30, 2020 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019, and rolled forward to June 30, 2020. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the OPEB plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share as well as the OPEB expense:

	2021	2020
Amount for proportionate share of net pension liability	$ 93,673	$ 322,738
Percentage for proportionate share of net pension liability	0.0212077%	0.0194522%
Increase % from prior proportion measured	0.0017555%	0.0002234%

At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows and resources related to OPEB from the following sources:

	2021	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Change of assumptions	$ -	$ 211,439
Net difference between projected and actual earnings on plan investments	10,281	8,376
Differences between expected and actual experience	-	60,735
Changes in proportion and differences between contributions and proportionate share of contributions	60,515	-
Contributions subsequent to the measurement date	43,376	-
	$ 114,172	$ 280,550

	2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Change of assumptions	$ -	$ 65,454
Net difference between projected and actual earnings on plan investments	1,915	13,999
Differences between expected and actual experience	-	37,640
Changes in proportion and differences between contributions and proportionate share of contributions	59,031	-
Contributions subsequent to the measurement date	40,773	-
	$ 101,719	$ 117,093

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Years Ending June 30:	
2022	$ (68,770)
2023	(76,523)
2024	(58,799)
2025	(5,663)
Total	$ (209,755)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020 (measurement date), using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

2020

Inflation rate	2.25% as of June 30, 2020
Salary increases	Dependent upon pension system ranging from 2.75% to 5.18%, including inflation
Investment Rate of Return	6.65%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, 6.50%, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022. 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll over a 20-year closed period beginning June 30, 2017
Mortality rates	Post Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females. Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019.

2019

Inflation rate	2.75% as of June 30, 2019
Salary increases	Dependent upon pension system ranging from 3.00% to 6.50%, including inflation
Investment Rate of Return	7.15%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020, decreasing by 0.5% each

	year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll over a 20-year closed period
Mortality rates	Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015.

The long-term rates of return on OPEB plan investments are determined using a building-block method in which estimates of expected future real rates of returns (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund, and 10% real estate invested for June 30, 2021 and 2020. Short-term assets used to pay current year benefits and expenses are invested with the West Virginia Board of Treasury Investments. Best estimates of long-term geometric rates are summarized in the following table:

As of June 30, 2021	Long-Term Expected Real Rate of Return
Global equity	6.8%
Core plus fixed income	4.1%
Core real estate	6.1%
Hedge fund	4.4%
Private equity	8.8%

As of June 30, 2020	Long-Term Expected Real Rate of Return
Global equity	4.8%
Core plus fixed income	2.1%
Core real estate	4.1%
Hedge fund	2.4%
Private equity	6.8%
Short-Term Fixed	0.3%

Discount rate

The discount rate used to measure the OPEB liability was 6.65% for measurement date June 30, 2020 and 7.15% for measurement date June 30,2019. The projection of cash flows used to determine the discount rate assumed that contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

Sensitivity of the government's proportionate share of the net OPEB liability to changes in the discount rate - The following chart presents the sensitivity of the net OPEB liability to changes in the discount rate calculated using the discount rates as used in the actuarial evaluation, and what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

As of June 30, 2021	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Net OPEB liability	$ 133,590	$ 93,673	$ 60,257

As of June 30, 2020	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Net OPEB liability	$ 385,178	$ 322,738	$ 270,486

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

As of June 30, 2021	**1% Decrease**	**Healthcare Cost Trend Rate**	**1% Increase**
Net OPEB liability	$ 56,364	$ 93,673	$ 138,734

As of June 30, 2020	**1% Decrease**	**Healthcare Cost Trend Rate**	**1% Increase**
Net OPEB liability	$ 260,241	$ 322,738	$ 398,577

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report available at the West Virginia Public Employee Insurance Agency's website at peia.wv.gov. That information can also be obtained by writing to the West Virginia Public Employee Insurance Agency, 601 57th Street, Suite 2, Charleston, West Virginia 25304.

REQUIRED SUPPLEMENTARY INFORMATION

HATFIELD-MCCOY REGIONAL RECREATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
June 30, 2021, 2020, 2019, 2018, 2017, and 2016

Schedule of Proportionate Share of the Net Pension Liabilities (Assets)

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Authority's proportion of the net pension liability (percentage)	**0.062762 %**	0.063796 %	0.066519 %	0.066341 %	0.065543 %	0.061989 %
Authority's proportionate share of the net pension liability	**$ 331,804**	$ 137,170	$ 171,786	$ 286,356	$ 602,414	346,149
Authority's covered-employee payroll	**$ 1,062,610**	$ 969,880	$ 937,760	$ 919,073	$ 915,217	906,519
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	**31.23 %**	14.14 %	18.32 %	31.16 %	65.82 %	38.18 %
Plan fiduciary net position as a percentage of the total pension liability	**92.89 %**	96.99 %	96.33 %	93.67 %	86.11 %	91.29 %

Schedule of Pension Contributions

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	**$ 106,261**	$ 96,988	$ 93,776	$ 101,098	$ 109,826	122,380
Contribution in relation to the contractually required contribution	**$** (106,261)	$ (96,988)	$ (93,776)	$ (101,098)	$ (109,826)	(122,380)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	-
Authority's covered-employee payroll	**$ 1,062,610**	$ 969,880	$ 937,760	$ 919,073	$ 915,217	906,519
Contributions as a percentage of covered-employee payroll	**10.00 %**	10.00 %	10.00 %	11.00 %	12.00 %	13.50 %

Note: These schedules are intended to present ten years of the proportionate share of the net pension liability and contributions. Currently, only those years with information available are presented.

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
June 30, 2021, 2020, 2019, and 2018

Schedule of Proportionate Share of the Net OPEB Liability

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Authority's proportion of the net OPEB liability (percentage)	**0.021208 %**	0.019452 %	0.019229 %	0.017226 %
Authority's proportionate share of the net OPEB liability	**$ 93,673**	$ 322,738	$ 412,542	$ 423,586
Authority's covered-employee payroll	**$ 862,086**	$ 833,914	$ 724,588	$ 809,325
Authority's proportionate share of the net OPEB liaiblity as a percentage of its covered-employee payroll	**10.87 %**	38.70 %	56.93 %	52.34 %
Plan fiduciary net position as a percentage of the total OPEB liability	**73.49 %**	39.69 %	30.98 %	25.10 %

Schedule of OPEB Contributions

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution	**$ 43,376**	$ 40,733	$ 39,786	$ 44,424
Contribution in relation to the contractually required contribution	**$ (43,376)**	$ (40,733)	$ (39,786)	$ (44,424)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -
Authority's covered-employee payroll	**$ 862,086**	$ 833,914	$ 724,588	$ 809,325
Contributions as a percentage of covered-employee payroll	**5.03 %**	4.88 %	5.49 %	5.49 %

Note: These schedules are intended to present ten years of the proportionate share of the net OPEB liability and contributions. Currently, only those years with information available are presented.

HATFIELD-MCCOY REGIONAL RECREATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Federal Grantor/ Pass-Through Entity Identification Number	Passed Through to Subrecipient	Federal Expenditures
Appalachian Region Commission (ARC):				
Appalachian Regional Development	23.001	N/A	$ -	$ 261,694
Total Direct Awards			-	261,694
U.S. Department of Transportation:				
Passed through the West Virginia Department of Transportation, Division of Highways:				
Recreational Trails Program	20.219	N/A	-	195,407
U.S. Department of Interior:				
Passed through the State of West Virginia Through the Office of Surface Mine Reclamation and Enforcement:				
Abandoned Mine Land Reclamation (AMLR) Program	15.252	N/A	-	1,732,660
Total Pass-Through Awards			-	1,928,067
Total Expenditures of Federal Awards			$ -	$ 2,189,761

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hatfield-McCoy Regional Recreation Authority (the Authority) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Authority does not use the 10% de minimis indirect cost rate allowed under Uniform Guidance as the Federal programs administered by the Authority do not include charges for indirect costs.

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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*

Board of Directors
Hatfield-McCoy Regional Recreation Authority
Man, West Virginia

We have audited, 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, the financial statements of the business-type activities of the Hatfield-McCoy Regional Recreation Authority (Authority), as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated May 25, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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

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

Baker Tilly US, LLP

Charleston, West Virginia
May 25, 2022

Baker Tilly US, LLP
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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Hatfield-McCoy Regional Recreation Authority
Man, West Virginia

Report on Compliance for Each Major Federal Program

We have audited Hatfield-McCoy Regional Recreation Authority (Authority), in compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Hatfield-McCoy Regional Recreation Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

Purpose of this Report

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

Baker Tilly US, LLP

Charleston, West Virginia
May 25, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

Section I. – Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ______yes __X__no
- Significant deficiency(ies) identified? ______yes __X__none reported

Noncompliance material to financial statements noted? ______yes __X__no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______yes __X__no
- Significant deficiency(ies) identified? ______yes __X__none reported

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? ____ yes __X no

Identification of major programs:

CFDA Number	Name of Federal program or Center	Amount Expended
15.252	Abandoned Mine Lands Pilots Grant – Ivy Branch	$ 2,189,761

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? __X__ yes ___ no

Section II. – Financial Statement Findings

No matters were reported.

Section III. – Findings and Questioned Costs for Federal Awards

No matters were reported.

AUDITEE'S SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

Financial Statement Findings:

No matters were reported.

Findings of Questioned Costs for Federal Awards:

No matters were reported