Hatfield-McCoy Regional Recreation Authority

Financial Statements and
Supplementary Information

June 30, 2023 and 2022

Independent Auditors' Report

To the Board of Directors of
Hatfield-McCoy Regional Recreation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hatfield-McCoy Regional Recreation Authority (the Authority), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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 opinions on the basic financial statements are not affected by this missing information.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Authority’s basic financial statements collectively comprise the Authority’s basic financial statements. 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 of Federal Awards*, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Charleston, West Virginia
March 14, 2024

Hatfield-McCoy Regional Recreation Authority

Statements of Net Position
June 30, 2023 and 2022

Assets and Deferred Outflows	2023	2022
Current Assets		
Cash and cash equivalents	$ 1,810,898	$ 2,460,228
Accounts receivable, net of allowance for bad debts of $184 in 2023 and $112,218 in 2022	554,648	559,581
Investments	1,000,000	-
Grants receivable	-	61,318
Prepaid expenses	188,747	162,212
Prepaid grant matching	429,488	409,717
Inventory	104,261	95,813
Total current assets	4,088,042	3,748,869
Noncurrent Assets		
Net pension asset	-	585,829
Net other post-employment benefits asset (OPEB)	-	7,070
Capital assets, net of accumulated depreciation	8,009,808	7,946,402
Total noncurrent assets	8,009,808	8,539,301
Total assets	12,097,850	12,288,170
Deferred Outflows		
Deferred outflows, pension	346,405	324,255
Deferred outflows, OPEB	70,421	87,296
Total deferred outflows	416,826	411,551
Total assets and deferred outflows	$ 12,514,676	$ 12,699,721

Liabilities, Deferred Inflows and Net Position	2023	2022
Current Liabilities		
Accounts payable	$ 106,825	$ 119,348
Accrued expenses	181,946	163,387
Current portion of long-term debt	-	19,123
Total current liabilities	288,771	301,858
Long-Term Obligations		
Net pension liability	126,046	-
Net other post-employment benefits liability (OPEB)	24,135	-
Long-term debt, less current portion	-	165,344
Total liabilities	438,952	467,202
Deferred Inflows		
Pension	1,731	760,184
OPEB	107,469	249,282
Total deferred inflows	109,200	1,009,466
Net Position		
Investment in capital assets	8,009,808	7,946,402
Unrestricted	3,956,716	3,276,651
Total net position	11,966,524	11,223,053
Total liabilities, deferred inflows and net position	$ 12,514,676	$ 12,699,721

See notes to financial statements

Hatfield-McCoy Regional Recreation Authority

Statements of Revenues, Expenses and Changes in Net Position
June 30, 2023 and 2022

	2023	2022
Operating Revenues		
User permit sales	$ 3,596,238	$ 3,564,961
Marketing and promotional revenue	645,593	687,045
Bad debt expense	(39,316)	(105,016)
Total operating revenues	4,202,515	4,146,990
Operating Expenses		
Salaries and wages	1,925,443	1,856,874
Payroll taxes	151,318	148,622
Employee benefits	145,235	19,675
Travel and meetings	27,977	40,399
Office	242,376	264,528
Marketing and promotional	571,394	397,800
Trail permits	41,285	41,075
Rent and utilities	48,463	34,843
Legal and professional	180,345	163,090
Insurance	244,848	252,578
Depreciation	389,534	327,007
Trail development and maintenance	719,580	3,148,083
Building repairs and maintenance	13,889	29,015
Equipment and vehicle repairs and maintenance	364,724	295,847
Small tools and equipment	39,294	32,194
Gain on disposal of assets	(102,409)	(11,700)
Contract labor	326,526	351,828
Total operating expenses	5,329,822	7,391,758
Operating loss	(1,127,307)	(3,244,768)
Nonoperating Revenues (Expenses)		
Inter-governmental revenues	1,035,081	729,275
Grant revenues	768,152	3,521,633
Interest income	2,637	1,872
Interest expense	(5,263)	(6,432)
Other expense	(14,829)	(9,156)
Net nonoperating revenues	1,785,778	4,237,192
Change in net position before contributed capital	658,471	992,424
Capital Contribution	85,000	20,000
Change in net position	743,471	1,012,424
Net Position, Beginning	11,223,053	10,210,629
Net Position, Ending	$ 11,966,524	$ 11,223,053

See notes to financial statements

Hatfield-McCoy Regional Recreation Authority

Statements of Cash Flows
June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash receipts from customers and other sources	$ 4,248,995	$ 4,651,406
Cash paid to employees	(2,365,898)	(2,357,734)
Cash paid to suppliers	(2,868,207)	(5,177,537)
Net cash used in operating activities	(985,110)	(2,883,865)
Cash Flows From Noncapital Financing Activities		
Payment of noncapital contribution to affiliates	(14,829)	(9,156)
Interest paid on long-term debt	(5,263)	(6,432)
Net cash used in noncapital financing activities	(20,092)	(15,588)
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	(465,127)	(1,108,060)
Proceeds from sale of capital assets	114,596	11,700
Principal payments on long-term debt	(184,467)	(18,493)
Contributions for acquisition of capital assets	85,000	20,000
State funds in aid of acquisitions	1,803,233	4,250,908
Net cash provided by capital and related financing activities	1,353,235	3,156,055
Cash Flows From Investing Activities		
Purchase of investments	(1,000,000)	-
Interest income	2,637	1,872
Net cash (used in) provided by investing activities	(997,363)	1,872
Net (decrease) increase in cash and cash equivalents	(649,330)	258,474
Cash and Cash Equivalents, Beginning	2,460,228	2,201,754
Cash and Cash Equivalents, Ending	$ 1,810,898	$ 2,460,228
Reconciliation to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (1,127,307)	$ (3,244,768)
Adjustments to reconcile operating loss to:		
Depreciation	389,534	327,007
Bad debt expense	39,316	105,016
(Gain) on disposal of equipment	(102,409)	(11,700)
(Increase) decrease in operating assets:		
Accounts and grants receivable	26,935	468,118
Inventory, prepaid expenses and other assets	(34,983)	(179,875)
Prepaid grant matching	(19,771)	(68,718)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	6,036	75,524
Net pension liability, deferred outflows and deferred inflows	(654,557)	336,495
OPEB liability, deferred outflows and deferred inflows	492,096	(690,964)
Net cash used in operating activities	$ (985,110)	$ (2,883,865)

See notes to financial statements

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.

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 Related 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 $0 and $184,467 at June 30, 2023 and June 30, 2022.

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, 2023 and 2022.

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, 2023 and 2022.

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 certificates of deposits and investments with original maturities of less than one month.

Investments

All investments are certificates of deposits with a duration greater than 90 days at the time of purchase.

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.

Deferred Inflows and Outflows

A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period.

Net Position

Net position is the difference between assets plus deferred outflows and liabilities plus deferred inflows. 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 2022 financial statements have been reclassified to conform to the 2023 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, 2023, for potential recognition or disclosure through March 14, 2024, the date these financial statements were issued.

Recently Adopted Accounting Standards

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 adopted this standard and there was no material impact on the financial statements.

2. Cash and Cash Equivalents

At June 30, 2023 and 2022, the Authority had deposits in financial institutions reported as cash and cash equivalents with carrying balances of $1,809,705 and $2,459,035, respectively, and bank balances of $1,158,246 and $2,774,223, respectively. Of the bank balances, $250,000 was insured by federal depository and $908,246 and $2,500,000 was secured through letters of credit with FHLB Bank assigned to the Authority on behalf of United National Bank for years ending June 30, 2023 and 2022, respectively. The Authority has $0 and $24,223 as of June 30, 2023 and 2022, respectively, as uninsured and uncollateralized accounts. The Authority also had cash on hand of approximately $1,193 for years ending June 30, 2023 and 2022.

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.

3. Grants Receivable

Grants receivable from other governments at June 30, 2023 and 2022, consisted of:

	2023	2022
West Virginia Division of Highways	$ -	$ 61,318

4. Capital Assets

Capital asset additions, retirements and balances for the years ended June 30, 2023 and 2022, are as follows:

	June 30, 2023			
	Beginning Balance	Additions/ Transfers In	Retirements/ Transfers Out	Ending Balance
Capital assets not being depreciated:				
Land	$ 5,118,816	$ 109,092	$ -	$ 5,227,908
Capital assets being depreciated:				
Infrastructure	105,569	-	-	105,569
Buildings	1,913,630	-	-	1,913,630
Equipment	2,276,093	295,051	(182,485)	2,388,659
Vehicles	1,587,490	60,984	-	1,648,474
Leasehold improvements	548,917	-	-	548,917
Total capital assets being depreciated	6,431,699	356,035	(182,485)	6,615,715
Less accumulated depreciation for:				
Infrastructure	(105,143)	(427)	-	(105,570)
Buildings	(441,328)	(51,867)	-	(493,195)
Equipment	(1,481,702)	(180,819)	-	(1,662,521)
Vehicles	(1,252,341)	(112,804)	170,298	(1,194,847)
Leasehold improvements	(323,599)	(43,617)	-	(367,216)
Total capital assets being depreciated	(3,604,113)	(389,534)	170,298	(3,823,349)
Total capital assets being depreciated, net	2,827,586	(33,499)	(12,187)	2,781,900
Total capital assets, net	$ 7,946,402	$ (33,499)	$ (12,187)	$ 8,009,808

	June 30, 2022			
	Beginning Balance	**Additions/ Transfers In**	**Retirements/ Transfers Out**	**Ending Balance**
Capital assets not being depreciated:				
Land	$ 4,607,048	$ 511,768	$ -	$ 5,118,816
Capital assets being depreciated:				
Infrastructure	105,569	-	-	105,569
Buildings	1,913,630	-	-	1,913,630
Equipment	1,908,287	367,806	-	2,276,093
Vehicles	1,408,379	222,506	(43,395)	1,587,490
Leasehold improvements	542,937	5,980	-	548,917
Total capital assets being depreciated	5,878,802	596,292	(43,395)	6,431,699
Less accumulated depreciation for:				
Infrastructure	(101,617)	(3,526)	-	(105,143)
Buildings	(390,266)	(51,062)	-	(441,328)
Equipment	(1,340,260)	(141,442)	-	(1,481,702)
Vehicles	(1,210,294)	(85,442)	43,395	(1,252,341)
Leasehold improvements	(278,064)	(45,535)	-	(323,599)
Total capital assets being depreciated	(3,320,501)	(327,007)	43,395	(3,604,113)
Total capital assets being depreciated, net	2,558,301	269,285	-	2,827,586
Total capital assets, net	$ 7,165,349	$ 781,053	$ -	$ 7,946,402

5. Long-Term Obligations

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

	June 30, 2022	**Additions**	**Reductions**	**June 30, 2023**	**Amounts Due Within One Year**
Long-term debt:					
Note payable	$ 184,467	$ -	$ (184,467)	$ -	$ -
Other noncurrent liabilities:					
Net pension liability	-	126,046	-	126,046	-
Net OPEB liability	-	24,135	-	24,135	-
Total long-term liabilities	$ 184,467	$ 150,181	$ (184,467)	$ 150,181	$ -

	June 30, 2021	Additions	Reductions	June 30, 2022	Amounts Due Within One Year
Long-term debt:					
Note payable	$ 202,960	$ -	$ 18,493	$ 184,467	$ 19,123
Other noncurrent liabilities:					
Net pension liability	331,804	-	331,804	-	-
Net OPEB liability	93,673	-	93,673	-	-
Total long-term liabilities	$ 628,437	$ -	$ 443,970	$ 184,467	$ 19,123

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 June 30, 2022 and changes in December 2025 and every five years thereafter. The note payable is secured by the property. The note was repaid as of June 30, 2023.

Amounts recorded to interest expense for long-term debt for 2023 and 2022 are $5,263 and $6,432, respectively.

6. 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, expect 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, 2023 and 2022
Period required to vest	Five years prior to July 1, 2015 and 10 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 five 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 (Asset), Pension Expense (Benefit), Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

At June 30, 2023 and 2022, the Authority reported the following liability for its proportionate share of the net pension liabilities. The net pension liability as of June 30, 2023 was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, and rolled forward to June 30, 2022 using the actuarial assumptions and methods described in the appropriate section of this note. The net pension liability as of June 30, 2022 was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and rolled forward to June 30, 2021. 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, 2023 and 2022, the Authority reported the following proportions and increase/(decrease) from its proportion measured as of June 30:

	2023	2022
Amount for proportionate share of net pension liability (asset)	$ 126,046	$ (585,829)
Percentage for proportionate share of net pension liability (asset)	0.084641 %	0.066728 %
Increase % from prior proportion measured	0.017913 %	0.003966 %

For the year ended June 30, 2023 and 2022, the Authority recognized $65,124 and $(112,669) 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, 2023 and 2022:

	June 30, 2023	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Change of assumptions:		
Net difference between projected and actual earnings on pension plan investments	$ 76,005	$ -
Differences between expected and actual experience	48,355	-
Changes of assumptions	82,961	-
Changes in proportion and differences between contributions and proportionate share of contributions	5,228	(1,731)
Contributions subsequent to the measurement date	133,856	-
Total	$ 346,405	$ (1,731)

	June 30, 2022	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Change of assumptions:		
Net difference between projected and actual earnings on pension plan investments	$ 111,463	$ (750,352)
Differences between expected and actual experience	66,858	(2,221)
Changes of assumptions	-	(4,748)
Changes in proportion and differences between contributions and proportionate share of contributions	8,910	(2,863)
Contributions subsequent to the measurement date	137,024	-
Total	$ 324,255	$ (760,184)

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, 2023. 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:	
2024	$ 84,649
2025	7,404
2026	(80,187)
2027	198,852
Total	$ 210,718

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021, and rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Public Employees Retirement System

Actuarial assumptions:	
Inflation rate	2.75%
Salary increases	3.60%-6.75%
Investment rate of return	7.25%
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 Beneficiary males - 112% of Pub-2010 Contingent Survivor male table, below-median, headcount weighted, projected generationally with Scale MP-2018 Beneficiary females - 115% of Pub-2010 Contingent Survivor female table, below-median, headcount weighted, projected generationally with Scale MP-2018

The total pension liability was determined by an actuarial valuation as of July 1, 2020 and rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

Public Employees Retirement System

Actuarial assumptions:	
Inflation rate	2.75%
Salary increases	3.60%-6.75%
Investment rate of return	7.25%
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 actuarial assumptions used in the July 1, 2022 and 2021, 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, 2022 and 2021 (measurement date) include the inflation component and were used for the following defined benefit plan:

	June 30, 2022	
	Long-Term Expected Real Rate of Return	(PERS) Target Asset Allocation
Investment:		
Domestic equity	5.3 %	27.5 %
International equity	6.1	27.5
Fixed income	2.2	15.0
Real estate	6.5	10.0
Private equity	9.5	10.0
Hedge funds	3.8	10.0
		100.0 %

	June 30, 2021	
	Long-Term Expected Real Rate of Return	(PERS) Target Asset Allocation
Investment:		
Domestic equity	5.5 %	27.5 %
International equity	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 %

Discount Rate

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022 and 2021 (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, 2022 and 2021 (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:

	June 30, 2023		
	1% Decrease	**Current Discount Rate**	**1% Increase**
Authority's proportionate share of PER's net pension liability (asset)	$ 891,877	$ 126,046	$ (529,395)

	June 30, 2022		
	1% Decrease	**Current Discount Rate**	**1% Increase**
Authority's proportionate share of PER's net pension liability (asset)	$ 6,694	$ (585,829)	$ (1,085,947)

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.

7. Grant Revenues

Grants revenues recognized during the years ended June 30, 2023 and 2022, consisted of the following:

	2023	**2022**
West Virginia Division of Highways - Recreational Trails Program	$ 255,455	$ 215,129
Abandoned Mine Land Reclamation Program - Ivy Branch	283,202	2,689,693
Abandoned Mine Land Grant Ivy Phase II	20,250	516,049
Economic Adjustment Assistance Grant	209,245	90,762
Other	-	10,000
Total grant revenues	$ 768,152	$ 3,521,633

8. 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, 2023 and 2022 were $89,160 and $83,433.

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.

9. 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 2023 and 2022 were $20,568 and $27,928.

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, 2023 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to June 30, 2022 using the actuarial assumptions and methods described in the appropriate section of this note. The net OPEB liability as of June 30, 2022 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021, and rolled forward to June 30, 2022. 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:

	2023	2022
Amount for proportionate share of net pension liability (asset)	$ 24,135	$ (7,070)
Percentage for proportionate share of net pension liability (asset)	0.0216848 %	0.0237774 %
Increase/(decrease)% from prior proportion measured	(0.0020926) %	0.0025697 %

At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows and resources related to OPEB from the following sources:

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ 15,478	$ 61,323
Net difference between projected and actual earnings on plan investments	3,746	-
Differences between expected and actual experience	-	30,789
Changes in proportion and differences between contributions and proportionate share of contributions	30,629	15,212
Contributions subsequent to the measurement date	20,568	145
Total	$ 70,421	$ 107,469

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ -	$ 149,607
Net difference between projected and actual earnings on plan investments	-	50,972
Differences between expected and actual experience	-	48,703
Changes in proportion and differences between contributions and proportionate share of contributions	59,368	-
Contributions subsequent to the measurement date	27,928	-
Total	$ 87,296	$ 249,282

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, 2023. 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:	
2024	$ (53,465)
2025	959
2026	(10,957)
2027	5,992
Total	$ (57,471)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022 (measurement date), using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

2022

Inflation rate	2.25%
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	Trend rate for pre-Medicare per capita costs of 7.0% for plan year-end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2032. Trend rate for Medicare per capita costs of 8.83% for plan year-end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2032.
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-2021 and scaling factors of 106% for males and 113% for females. Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021.

2021

Inflation rate	2.25%
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	Trend rate for pre-Medicare per capita costs of 7.0% for plan year-end 2023, decreasing by 0.25% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.50% is reached in plan year-end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year- end 2022. 9.50% for plan year end 2023, 8.40% for plan year-end 2024, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 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 106% for males and 113% for females. Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020. There were no assumption changes from the actuarial valuation as of June 30, 2021, measured at June 30, 2021 to a roll-forward measurement date of June 30, 2022.

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, 2023 and 2022. 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, 2023	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

As of June 30, 2022	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

Discount Rate

The discount rate used to measure the OPEB liability was 6.65% for measurement date for the years ended June 30, 2022 and 2021. 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:

	June 30, 2023		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability (asset)	$ 62,036	$ 24,135	$ (8,380)

	June 30, 2022		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability (asset)	$ 37,939	$ (7,070)	$ (44,441)

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:

	June 30, 2023		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability (asset)	$ (13,721)	$ 24,135	$ 68,929

	June 30, 2022		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability (asset)	$ (52,202)	$ (7,070)	$ 47,906

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.

Hatfield-McCoy Regional Recreation Authority

Required Supplementary Information
West Virginia Public Employees' Retirement System
June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Schedule of Proportionate Share of the Net Pension Liabilities (Assets)								
Authority's percentage proportion of the net pension liability (asset)	0.084641 %	0.066728 %	0.062762 %	0.063796 %	0.066519 %	0.066341 %	0.065543 %	0.061989 %
Authority's proportionate share of the net pension liability (asset)	$ 126,046	$ (585,829)	$ 331,804	$ 137,170	$ 171,786	$ 286,356	$ 602,414	$ 346,149
Authority's covered-employee payroll	$ 1,338,560	$ 1,370,240	$ 1,062,610	$ 969,880	$ 937,760	$ 919,073	$ 915,217	$ 906,519
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.42 %	(42.75) %	31.23 %	14.14 %	18.32 %	31.16 %	65.82 %	38.18 %
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.17 %	111.07 %	92.89 %	96.99 %	96.33 %	93.67 %	86.11 %	91.29 %

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Schedule of Pension Contributions								
Contractually required contribution	$ 133,856	$ 137,024	$ 106,261	$ 96,988	$ 93,776	$ 101,098	$ 109,826	$ 122,380
Contribution in relation to the contractually required contribution	(133,856)	(137,024)	(106,261)	(96,988)	(93,776)	(101,098)	(109,826)	(122,380)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 1,338,560	$ 1,370,240	$ 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 %	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.

Required Supplementary Information
Schedule of the Authority's Proportionate Share of Net OPEB Liability
June 30, 2023, 2022, 2021, 2020, 2019 and 2018

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Schedule of Proportionate Share of the Net OPEB Liabilities (Assets)						
Authority's percentage proportion of the net OPEB liability (asset)	0.021685 %	0.023777 %	0.021208 %	0.019452 %	0.019229 %	0.017226 %
Authority's proportionate share of the net OPEB liability (asset)	$ 24,135	$ (7,070)	$ 93,673	$ 322,738	$ 412,542	$ 423,586
Authority's covered-employee payroll	$ 1,049,719	$ 1,005,890	$ 862,086	$ 833,914	$ 724,588	$ 809,325
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	2.30 %	(0.70) %	10.87 %	38.70 %	56.93 %	52.34 %
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	93.59 %	101.81 %	73.49 %	39.69 %	30.98 %	25.10 %

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Schedule of OPEB Contributions						
Contractually required contribution	$ 20,568	$ 27,928	$ 43,376	$ 40,733	$ 39,786	$ 44,424
Contribution in relation to the contractually required contribution	(20,568)	(27,928)	(43,376)	(40,733)	(39,786)	(44,424)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payrol	$ 1,049,719	$ 1,005,890	$ 862,086	$ 833,914	$ 724,588	$ 809,325
Contributions as a percentage of covered-employee payroll	1.96 %	2.78 %	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.

West Virginia Public Employees' Retirement System

Change in Benefit Terms

No changes during the year ended June 30, 2022 (measurement date).

Change in Assumptions

No changes during the year ended June 30, 2022 (measurement date).

OPEB Information

Change in Benefit Terms

No changes during the year ended June 30, 2022 (measurement date).

Changes in Assumptions

No changes during the year ended June 30, 2022 (measurement date).

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*

Independent Auditors' Report

The Board of Directors of
Hatfield-McCoy Regional Recreation Authority

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, *(Government Auditing Standards)* the basic financial statements of the Hatfield-McCoy Regional Recreation Authority (the Authority), which comprise the statement of net position, as of June 30, 2023, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Charleston, West Virginia
March 14, 2024

Report on Compliance
for the Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditors' Report

The Board of Directors of
Hatfield-McCoy Regional Recreation Authority

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Hatfield-McCoy Regional Recreation Authority (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2023. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

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

The Authority’s is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures the Organization's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Authority’s is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baker Tilly US, LLP

Charleston, West Virginia
March 14, 2024

Federal Grantor Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Grant Number	Federal Expenditures	Payments Made to Subrecipients
U.S. Department of Commerce					
Economic Development Cluster:					
Economic Adjustment Assistance	11.307	N/A	N/A	$ 209,245	$ -
U.S. Department of Transportation:					
Highway Planning and Construction Cluster:					
Recreational Trails Program	20.219	West Virginia Department of Transportation, Division of Highways	N/A	261,823	-
U.S. Department of Interior:					
Abandoned Mine Land Reclamation (AMLR) Program	15.252	State of West Virginia Through the Office of Surface Mine Reclamation and Enforcement	N/A	303,452	-
Total expenditures of federal awards				$ 774,520	$ -

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, 2023. 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 Authority.

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.

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.

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	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 federal programs:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	X yes	____ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	X yes	____ no
Auditee qualified as low-risk auditee?	X yes	____ no
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	

Identification of major federal programs: (B)

Assistance Listing Number	Name of Federal Program or Cluster
11.307	Economic Development Cluster: Economic Adjustment Assistance

Section II - Financial Statement Findings

No matters were reported.

Section III - Findings and Questioned Costs for Federal Awards

2023-001: Program Reporting – Significant Deficiency

Federal Program: Economic Development Cluster: Economic Adjustment Assistance

Assistance Listing Number: 11.307

Federal Agency: U.S. Department of Commerce

Pass-through Agency: N/A

Award Number: N/A

Award Year: 2023

Compliance Requirement: Reporting

Questioned Costs: None

Criteria: As required by the grant agreement, the Authority must submit a Form SF-425, Federal Financial Report, on a semi-annual basis for the periods ending March 31, and September 30 for the entire project period.

Condition and Context: The Authority did not submit the Form SF-425, Federal Financial Report, for the period of September 30, 2022.

Effect: The Authority has failed to comply with the terms of the grant agreement.

Cause: The Authority did not have sufficient internal controls in place to monitor on-going compliance with the grant agreement.

Recommendation: We recommend that management implement procedures to ensure that all grant agreements are reviewed on an on-going basis and that compliance requirements are recorded and tracked to ensure on-going compliance.

View of Responsible Officials: Management agrees with this finding and has implemented controls to monitor on-going compliance with grant agreements. Additionally, when management became aware of the non-compliance, a Form SF-425, Federal Financial Report, was submitted for the period of September 30, 2022. The submission was approved by U.S. Department of Commerce on February 6, 2023.

Section IV – Schedule of Prior Audit Findings

Financial Statement Findings:

2022-001 - Significant Deficiency Over Financial Reporting - Allowance for Bad Debt

Criteria or Specific Requirement - The allowance for bad debt calculation should be reviewed on a monthly basis to include any possible changes in collections in accounts receivable to ensure accuracy of accounts receivable and operating revenue.

Condition and Cause - The Authority has older customer accounts that have balances delinquent of payment of more than one year from the year-end date. The older aging accounts accumulated due to lack of customer payment. The allowance calculation for accounts receivable was not adequately adjusted for the changes in collections and the continuous aging of accounts.

Effect - Accounts receivable was overstated by approximately $69,472.

Recommendation - We recommend that management establish monthly collections and billing monitoring procedures and update the allowance for bad debt calculation appropriately. The allowance model should be reviewed and updated to include current collection percentages and researching collection decreases to the extent necessary to determine if adjustments to the allowance calculation are required.

Action Taken - Management worked with their attorney to send older customer accounts to collections and developed an allowance model to ensure proper estimate of accounts receivable on a monthly basis.

Findings of Questioned Costs for Federal Awards:

No matters were reported.