WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES

A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA AND WEST VIRGINIA DEPEARTMENT OF TRANSPORTATION

AUDITED FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2023

Suttle & Stalnaker Certified Public Accountants
A Professional Limited Liability Company

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Suttle & Stalnaker PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the
West Virginia Division of Multimodal Transportation Facilities
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the West Virginia Division of Multimodal Transportation Facilities (the Division), a component unit of the State of West Virginia and the West Virginia Department of Transportation, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Division as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management 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, 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.

The Virginia Center
1411 Virginia Street, East
Suite 100
Charleston, WV 25301
MAIN (304) 343-4126
FAX (304) 343-8008

The Rivers Office Park
200 Star Avenue
Suite 220
Parkersburg, WV 26101
MAIN (304) 485-6584
FAX (304) 485-0971

Suncrest Towne Centre
453 Suncrest Towne Centre Drive
Suite 201
Morgantown, WV 26505
MAIN (304) 485-6584
FAX (304) 485-0971

The Somerville Building
501 5th Avenue
Suite 1
Huntington, WV 25701
MAIN (304) 525-0301
FAX (304) 522-1569

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 Division'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.

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

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

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

- Identify and assess the risks of material misstatement of the 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 Division'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 Division's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12, the schedule of proportionate share of the total pension liability (asset), schedule of pension contributions, schedule of proportionate share of net other post-employment benefits (OPEB) liability (asset), schedule of other post-employment benefits (OPEB) contributions and related notes on pages 52 through 57 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Division are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the governmental activities and business-type activities of the State of West Virginia and the West Virginia Department of Transportation that is attributable to the transactions of the Division. They do not purport to, and do not present fairly the financial position of the State of West Virginia and the West Virginia Department of Transportation, as of June 30, 2023 the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023, on our consideration of the Division's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Division'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 Division's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 13, 2023

The management of the West Virginia Division of Multimodal Transportation Facilities (the Division) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year ended June 30, 2023. Please read it in conjunction with the Division's basic financial statements and notes to the financial statements which follow this section.

On July 1, 2022, the Public Port Authority, the West Virginia State Rail Authority, the Division of Public Transit, and the West Virginia State Aeronautics Commission were reestablished, reconstituted, and continued as the West Virginia Division of Multimodal Transportation Facilities (the Division), an agency of the state. As fiscal year 2023 is the first year for the Division, the management's discussion and analysis will only focus on fiscal year 2023.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

- The Division's net position as of June 30, 2023 was $46,947,554.
- The Division reported $86,036,414 beginning net position of the reconstituted agency.
- Total expenses were $24,092,250 with program revenues of $14,457,096. General revenues, and special items were a loss of $29,453,706. This loss is attributable to a $38,785,099 transfer to an other governmental entity. During fiscal year 2023, the Division transferred the Prichard Facility to the Wayne County Commission. While this resulted in a significant decrease in net position, Wayne County Commission was in a better position to market the facility. This transfer was in the best interest of economic growth and the Division partnered with the County to utilize this asset in the best possible way for the good of the State.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes the management's discussion and analysis report, the independent auditor's report, and the basic financial statements of the Division. The financial statements also include notes that explain in more detail some of the information in the financial statements.

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements.

The basic financial statements include two kinds of statements that present different views of the Division. The statement of net position and the related statement of activities are *government-wide financial statements* that provide both long-term and short-term information about the Division's overall financial status. The remaining statements are *fund financial statements* that focus on individual parts of the Division's government, reporting the Division's operations in more detail than the government-wide statements. The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that presents pension plans, and Other Postemployment Benefits (OPEB) plan information as required by the Governmental Accounting Standards Board (GASB).

Government-wide Statements (Reporting the Division as a Whole)

The statement of net position and the statement of activities together comprise the government-wide statements, which report information about the Division as a whole using the full accrual basis of accounting, similar to those used by private-sector companies. This means all revenues and expenses are recognized regardless of whether cash has been received or paid, and all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the Division's net position, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, and how they have changed from the prior year. In evaluating the Division's overall condition, additional nonfinancial factors should be considered, such as the Division's economic outlook, changes in its demographics, and the condition of its capital assets, including infrastructure.

The activities on the government-wide financial statements are divided into two categories:

- *Governmental activities* – Most of the Division's basic services are included under these activities.

- *Business-type activities* – The Division charges fees to customers to help it cover all or a significant portion of the costs of certain services it provides. This is comprised of the State Rail fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the Division's *major funds*, not the Division as a whole. Funds are accounting devices that the Division uses to track specific sources of funding and spending for particular purposes.

The Division has two kinds of funds:

- *Governmental funds* – Most of the Division's basic services are included in governmental funds, which focus on (1) *cash and other financial assets* that may readily be converted to cash flow in and out and (2) the balances left at year-end available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view to help determine whether there are more or fewer financial resources that may be spent in the near future to finance the Division's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the pages immediately following each statement, explaining the relationship (or differences) between them and the government-wide statements.

- *Enterprise funds* – Enterprise funds account for activities that are operated in a manner similar to private-sector businesses. Like the government-wide statements, enterprise fund statements are presented using the accrual basis of accounting and provide both long- and short-term financial information. Services for which the Division charges external customers a fee are generally reported in enterprise funds.

Reconciliation Between Government-wide and Fund Statements

The financial statements contain schedules that reconcile the differences between the government-wide financial statements (long-term focus, accrual accounting) and the fund financial statements (short-term focus, modified accrual accounting). The following summarizes the primary differences between modified accrual to accrual accounting:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.

- Capital outlay spending results in expenditures on the governmental fund statements; however, on the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense. The excess of capital outlay over depreciation expense is included on the government-wide statement of activities.

- Net pension and OPEB liabilities or assets, along with related deferrals, are reported on the government-wide statements but not reported in the funds.

Notes to the Financial Statements

The notes provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information

Following the basic financial statements is the required supplementary information related to pension plans and OPEB plan information, along with notes with explanatory information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed financial information from the Statement of Net Position and Statement of Activities for the year ended June 30, 2023 is as follows:

Condensed Statement of Net Position

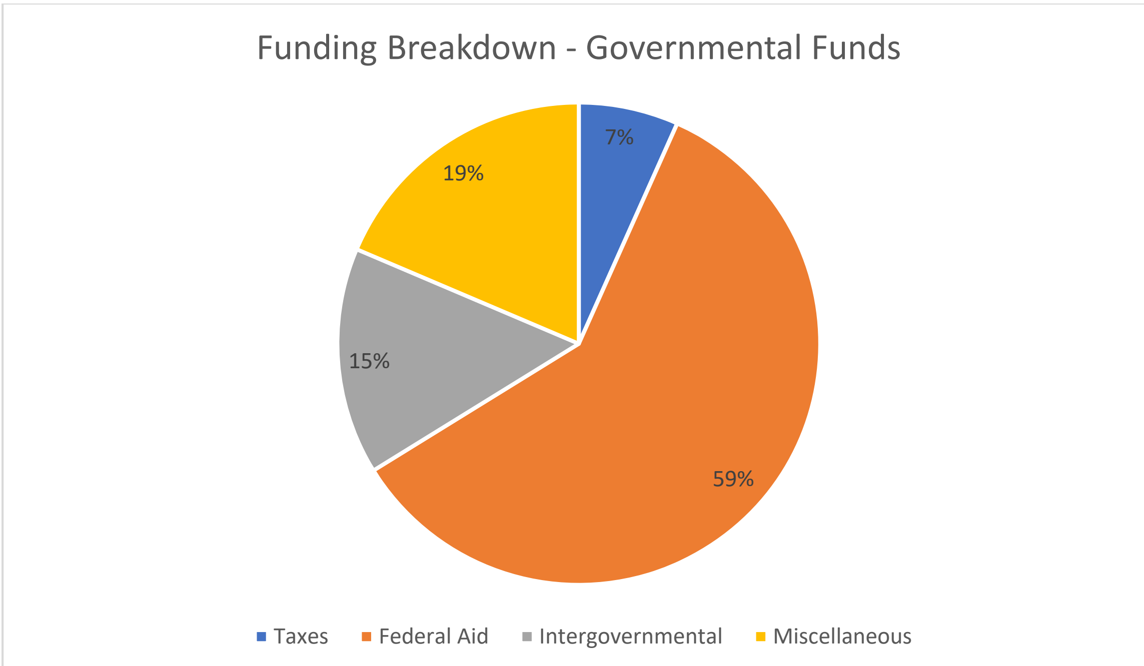
	Governmental Activities	Business-Type Activities	Total Primary Government
Current assets	$ 4,919,600	$ 7,035,265	$ 11,954,865
Other noncurrent assets	549,698	36,878,180	37,427,878
Deferred outflows of resources	206,947	133,938	340,885
Total assets plus deferred outflows of resources	5,676,245	44,047,383	49,723,628
Current liabilities	1,337,680	933,921	2,271,601
Noncurrent liabilities	210,331	166,245	376,576
Deferred inflows of resources	66,622	61,275	127,897
Total liabilities plus deferred inflows of resources	1,614,633	1,161,441	2,776,074
Net position			
Net investment in capital assets	468,859	36,878,180	37,347,039
Restricted	3,168,401	-	3,168,401
Unrestricted	424,352	6,007,762	6,432,114
Total net position	$ 4,061,612	$ 42,885,942	$ 46,947,554

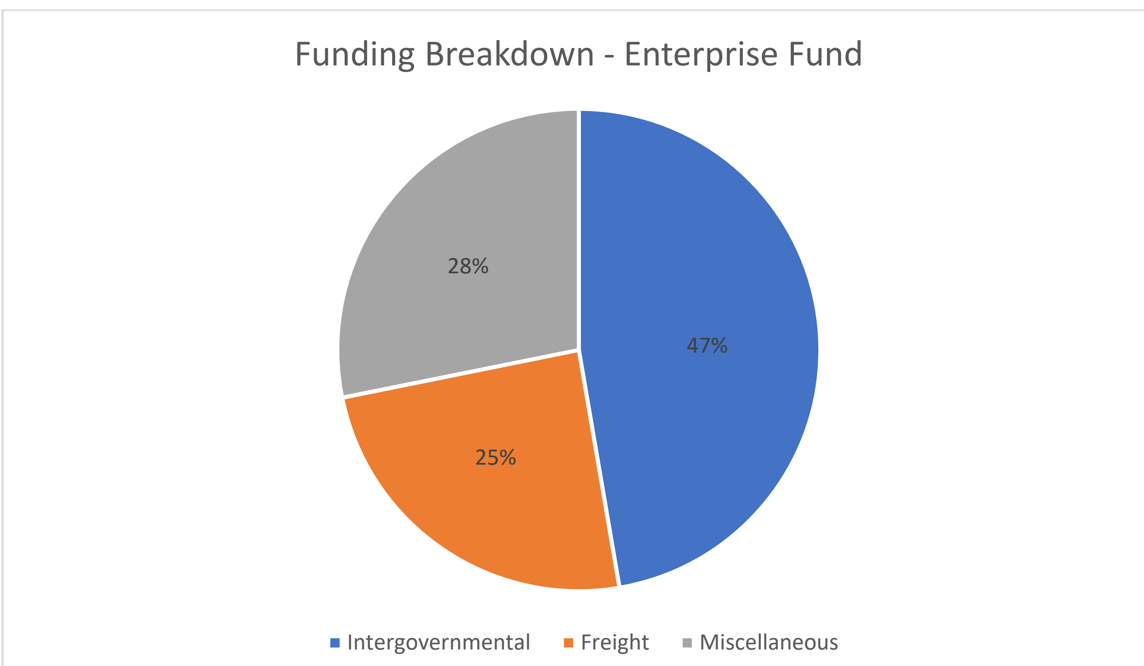
Condensed Statement of Activities

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenue			
Program revenues:			
Charges for services	$ -	$ 1,352,440	$ 1,352,440
Capital grants and contributions	13,104,656	-	13,104,656
General revenues	5,168,475	4,162,918	9,331,393
Total Revenue	18,273,131	5,515,358	23,788,489
Programs expenses:			
Federal aid programs	13,372,091	-	13,372,091
Support and administrative operations	4,586,602	-	4,586,602
State Rail	-	6,133,557	6,133,557
Total Expenses	17,958,693	6,133,557	24,092,250
Increase (decrease) in net position before transfers and special items	314,438	(618,199)	(303,761)
Transfers	(7)	7	-
Special item - transfer to other governmental entity	(38,785,099)	-	(38,785,099)
Change in net position	(38,470,668)	(618,192)	(39,088,860)
Net position, beginning of the year	42,532,280	43,504,134	86,036,414
Net position, end of the year	$ 4,061,612	$ 42,885,942	$ 46,947,554

Over time, increases and decreases in net position measure whether the Division's financial position is improving or deteriorating.

The following graphs provide a visual representation of the funding (revenue and other income sources) for the fiscal year ended June 30, 2023 for the governmental funds and the enterprise fund.





FINANCIAL ANALYSIS AND HIGHLIGHTS OF THE DIVISION'S MAJOR FUNDS

At June 30, 2023, the Division reported fund balances of $3,622,848 for its governmental funds. Of this amount, $3,168,401 constitutes restricted fund balance, while $454,447 constitutes unassigned fund balance.

General Fund – At June 30, 2023, the General Fund had $454,447 of unassigned fund balance. The General Fund reported beginning fund balance of $453,950.

Public Transit – At June 30, 2023, Public Transit had $297,830 of restricted fund balance and reported beginning fund balance of $650,550. Public Transit's expenditures exceeded revenues for the year ended June 30, 2023 by $352,720. Public Transit provided over $13.4 million to transit systems/authorities, local governments, and non-profit agencies to provide low-cost transportation to citizens of rural, suburban, urban areas, and senior citizens.

Aeronautics Commission – At June 30, 2023, Aeronautics Commission had $2,870,571 of restricted fund balance and reported beginning fund balance of $2,036,839. Aeronautics Commission's revenues exceeded expenditures for the year ended June 30, 2023 by $833,732. In addition, over $1.5 million was provided to local airports as direct grants and matching funds for FAA projects during fiscal year 2023.

At June 30, 2023, the Division reported net position of $42,885,942 for its enterprise fund, State Rail. Of this amount, $36,878,180 constitutes net investment in capital assets while $6,007,762 constitutes unrestricted net position. Excluding transfers, expenses exceeded revenues for the year ended June 30, 2023 by $618,199. For State Rail, the carloads handled increased slightly from prior year operations by 202 cars. Fiscal year 2024 is starting on a positive note and management expects to see this trend continue for a larger increase going forward.

CAPITAL ASSETS

The Division's net capital assets as of June 30, 2023 were $37.3 million. This investment in capital assets includes land, buildings, infrastructure, rail cars, equipment, leasehold improvements, and construction in progress.

The Division primarily acquires its assets with proceeds from the General Fund appropriation from the State of West Virginia.

Readers interested in more detailed information regarding capital assets should review the accompanying notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUGET

The Division's year ending June 30, 2024 budget includes $6.9 million from the General Fund. This breaks down as $1.5 million for the Multimodal Division, $2.1 million for the Rail section, $2.5 million for the Public Transit section and $800,000 for the Aeronautics Commission section. In addition, $2.5 million is projected from freight operations and lease and royalties from the State Rail section. The Aeronautics section has $2.5 million budgeted for the receipt of Aviation Fuel Tax. The Public Transit section has $27.1 million budgeted for federal funds received from numerous federal programs.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide an overview of the finances of the Division for those with an interest this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the West Virginia Department of Transportation, Division of Multimodal Transportation Facilities at 1900 Kanawha Boulevard, East, Building 5, Room 132, Charleston, West Virginia 25305.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 4,483,422	$ 6,046,550	$ 10,529,972
Receivables	-	86,726	86,726
Federal aid receivable	146,180	-	146,180
Due from other State of West Virginia agencies	289,998	874,350	1,164,348
Inventories	-	27,639	27,639
Total current assets	4,919,600	7,035,265	11,954,865
Noncurrent assets			
Capital assets	2,083,346	79,174,257	81,257,603
Accumulated depreciation	(1,614,487)	(42,296,077)	(43,910,564)
Right-to-use asset, net	80,839	-	80,839
Total noncurrent assets	549,698	36,878,180	37,427,878
Deferred outflows of resources			
Deferred outflows related to pension	175,862	107,162	283,024
Deferred outflows related to other post-employment benefits	31,085	26,776	57,861
Total deferred outflows of resources	206,947	133,938	340,885
Total assets and deferred outflows of resources	5,676,245	44,047,383	49,723,628
LIABILITIES			
Current liabilities			
Accounts payable	1,252,867	320,455	1,573,322
Accrued expenses	43,885	40,483	84,368
Lease liability - short term	40,928	-	40,928
Due to other governmental entities	-	569,619	569,619
Unearned revenue	-	3,364	3,364
Total current liabilities	1,337,680	933,921	2,271,601
Noncurrent liabilities			
Compensated absences	97,662	78,186	175,848
Unearned revenue	-	32,931	32,931
Net OPEB liability	9,951	13,407	23,358
Net pension liability	60,123	41,721	101,844
Lease liability - long term	42,595	-	42,595
Total noncurrent liabilities	210,331	166,245	376,576
Total liabilities	1,548,011	1,100,166	2,648,177
Deferred inflows of resources			
Deferred inflows related to pension	2,464	-	2,464
Deferred inflows related to other post-employment benefits	64,158	61,275	125,433
Total deferred inflows of resources	66,622	61,275	127,897
Total liabilities and deferred inflows of resources	1,614,633	1,161,441	2,776,074
NET POSITION			
Net investment in capital assets	468,859	36,878,180	37,347,039
Restricted	3,168,401	-	3,168,401
Unrestricted	424,352	6,007,762	6,432,114
Total net position	4,061,612	42,885,942	46,947,554
Total liabilities, deferred inflows of resources, and net position	$ 5,676,245	$ 44,047,383	$ 49,723,628

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Direct Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
Federal aid programs	$ 13,372,091	$ -	$ -	$ 13,104,656	$ (267,435)	$ -	$ (267,435)
Support and administrative operations	4,586,602	-	-	-	(4,586,602)	-	(4,586,602)
Total governmental activities	17,958,693	-	-	13,104,656	(4,854,037)	-	(4,854,037)
Business-type activities:							
State Rail	6,133,557	1,352,440	-	-	-	(4,781,117)	(4,781,117)
Total business-type activities	6,133,557	1,352,440	-	-	-	(4,781,117)	(4,781,117)
Total primary government	$ 24,092,250	$ 1,352,440	$ -	$ 13,104,656	(4,854,037)	(4,781,117)	(9,635,154)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Taxes:			
Aviation fuel	1,470,641	-	1,470,641
Investment and interest income	106,414	208,333	314,747
Intergovernmental	3,350,498	2,609,361	5,959,859
Miscellaneous revenues	251,893	1,360,007	1,611,900
Payments on behalf	(10,971)	(14,783)	(25,754)
Transfers	(7)	7	-
Special item - transfer to other governmental entity	(38,785,099)	-	(38,785,099)
Total general revenues, transfers and special item	(33,616,631)	4,162,925	(29,453,706)
Change in Net Position	(38,470,668)	(618,192)	(39,088,860)
Net position - beginning	42,532,280	43,504,134	86,036,414
Net position - ending	$ 4,061,612	$ 42,885,942	$ 46,947,554

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Public Transit	Aeronautics Commission	Totals
ASSETS				
Cash and cash equivalents	$ 454,446	$ 1,248,243	$ 2,780,733	$ 4,483,422
Federal aid receivable	-	40,178	106,002	146,180
Due from other State of West Virginia agencies	21,152	206,325	62,521	289,998
Total assets	$ 475,598	$ 1,494,746	$ 2,949,256	$ 4,919,600
LIABILITIES				
Accounts payable	$ 1,926	$ 1,172,256	$ 78,685	$ 1,252,867
Accrued expenses	19,225	24,660	-	43,885
Total liabilities	21,151	1,196,916	78,685	1,296,752
FUND BALANCE				
Restricted	-	297,830	2,870,571	3,168,401
Unassigned	454,447	-	-	454,447
Total fund balance	454,447	297,830	2,870,571	3,622,848
Total liabilities and fund balance	$ 475,598	$ 1,494,746	$ 2,949,256	$ 4,919,600

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance		$ 3,622,848
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Rolling equipment	2,083,346	
Right-to-use assets	80,839	
Accumulated depreciation	(1,614,487)	
		549,698
Deferred inflows of resources for pensions and OPEB are reported in the statement of net position but not reported in the funds.		(66,622)
Deferred outflows of resources for pensions and OPEB are reported in the statement of net position but not reported in the funds.		206,947
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Right-to-use lease liability	(83,523)	
Compensated absences	(97,662)	
Net pension liability	(60,123)	
Net OPEB liability	(9,951)	
		(251,259)
Net position of governmental activities		$ 4,061,612

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Public Transit	Aeronautics Commission	Totals
Revenues:				
Taxes:				
Aviation fuel	$ -	$ -	$ 1,470,641	$ 1,470,641
Federal aid	-	13,104,656	-	13,104,656
Investment and interest income	496	-	105,918	106,414
Intergovernmental revenues	259,188	2,176,147	915,163	3,350,498
Miscellaneous	7	251,886	-	251,893
Total revenues	259,691	15,532,689	2,491,722	18,284,102
Expenditures:				
Current:				
Support and administrative operations	259,187	2,434,783	1,657,990	4,351,960
Capital outlay:				
Federal aid programs	-	13,450,626	-	13,450,626
Total expenditures	259,187	15,885,409	1,657,990	17,802,586
Excess (deficiency) of revenues over expenditures	504	(352,720)	833,732	481,516
Other Financing Sources (Uses):				
Transfer to other funds	(7)	-	-	(7)
Net change in fund balance	497	(352,720)	833,732	481,509
Fund Balance - beginning year	453,950	650,550	2,036,839	3,141,339
Fund Balance - end of year	$ 454,447	$ 297,830	$ 2,870,571	$ 3,622,848

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds		$ 481,509
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(293,224)
Transfers of capital assets reported on the government-wide statements are not included on the statement of activities.		(38,785,099)
Retirement contributions to defined benefit pension plans in the current fiscal year are not included on the statement of activities.		(56,291)
OPEB contributions to defined benefit OPEB plan in the current fiscal year are not included on the statement of activities.		50,240
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Change in compensated absences	(48,704)	
Change in right-to-use lease liability	62,265	
Change in net pension asset	129,548	
Change in net other post-employment benefits asset	(10,912)	132,197
Change in net position of governmental activities		$ (38,470,668)

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2023

	State Rail
ASSETS	
Current assets	
Cash and cash equivalents	$ 6,046,550
Receivables	86,726
Inventories	27,639
Due from other governmental entities	874,350
Total current assets	7,035,265
Noncurrent assets	
Capital assets	79,174,257
Accumulated depreciation	(42,296,077)
Total noncurrent assets	36,878,180
Deferred outflows of resources	
Deferred outflows related to pension	107,162
Deferred outflows related to other post-employment benefits	26,776
Total deferred outflows of resources	133,938
Total assets and deferred outflows of resources	44,047,383
LIABILITIES	
Current liabilities	
Accounts payable	320,455
Accrued expenses	40,483
Due to other governmental entities	569,619
Unearned revenue	3,364
Total current liabilities	933,921
Noncurrent liabilities	
Compensated absences	78,186
Unearned revenue	32,931
Net OPEB liability	13,407
Net pension liability	41,721
Total noncurrent liabilities	166,245
Total liabilities	1,100,166
Deferred inflows of resources	
Deferred inflows related to other post-employment benefits	61,275
Total deferred inflows of resources	61,275
Total liabilities and deferred inflows of resources	1,161,441
NET POSITION	
Net investment in capital assets	36,878,180
Unrestricted	6,007,762
Total net position	42,885,942
Total liabilities, deferred inflows of resources, and net position	$ 44,047,383

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUND
YEAR ENDED JUNE 30, 2023

	State Rail
Operating revenues	
Freight	$ 1,352,440
Miscellaneous	1,360,007
Total operating revenues	2,712,447
Depreciation expense	2,097,869
Other operating expenses	4,035,688
Total operating expenses	6,133,557
Operating income (loss)	(3,421,110)
Nonoperating revenues (expenses)	
Intergovernmental revenue	2,609,361
Investment income	208,333
Payments on behalf	(14,783)
Total nonoperating revenues (expenses)	2,802,911
Excess (Deficiency) of Revenues over Expenses Before Transfers	(618,199)
Transfer from other funds	7
Change in Net Position	(618,192)
Total net position - beginning	43,504,134
Total net position - ending	$ 42,885,942

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
YEAR ENDED JUNE 30, 2023

		State Rail
Cash flows from operating activities		
Cash received from customers and government	$	2,682,881
Cash paid to and on behalf of employees		(1,085,344)
Cash paid to suppliers and government		(2,478,045)
Net cash provided (used) by operating activities		(880,508)
Cash flows from noncapital financing activities		
Transfers in from State of West Virginia		1,932,083
Transfers in from other funds		7
Net cash provided (used) by noncapital financing activities		1,932,090
Cash flows from capital and related financing activities		
Purchase of capital assets		(1,986,671)
Net cash provided (used) by capital and related financing activities		(1,986,671)
Cash flows from investing activities		
Income on investments		208,333
Net cash provided (used) by investing activities		208,333
Increase (decrease) in cash and cash equivalents		(726,756)
Cash and cash equivalents, beginning of year		6,773,306
Cash and cash equivalents, end of year	$	6,046,550
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$	(3,421,110)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation		2,097,869
Other post-employment benefits expense - special funding situation		(14,783)
Changes in operating assets and liabilities		
(Increase) decrease in receivables		(26,202)
(Increase) decrease in inventories		(10,365)
(Increase) decrease in deferred outflows		11,903
Increase (decrease) in accounts payable		296,836
Increase (decrease) in accrued expenses		(63,261)
Increase (decrease) in compensated absences		(22,676)
Increase (decrease) in due to other governmental entities		377,112
Increase (decrease) in unearned revenue		(3,364)
Increase (decrease) in net other post-employment benefits		17,347
Increase (decrease) in net pension liability		301,572
Increase (decrease) in deferred inflows		(421,386)
Net cash provided (used) by operating activities	$	(880,508)

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Amendments	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:					
Investment and interest income	$ -	$ -	$ -	$ 496	$ 496
Intergovernmental revenues	700,000	-	700,000	259,188	(440,812)
Miscellaneous	-	-	-	7	7
Total revenues	700,000	-	700,000	259,691	(440,309)
Expenditures:					
Current:					
Support and administrative operations	700,000	-	700,000	259,187	440,813
Total expenditures	700,000	-	700,000	259,187	440,813
Excess (deficiency) of revenues over expenditures	$ -	$ -	$ -	$ 504	$ (881,122)

Note that certain budget amounts are reappropriated to a future year when not spent in the year the budget is allocated. The budgeted amounts above only include current year budgeted amounts.

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
PUBLIC TRANSIT FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Amendments	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:					
Federal aid	$ 26,107,939	$ -	$ 26,107,939	$ 13,104,656	$ (13,003,283)
Intergovernmental revenues	4,695,689	-	4,695,689	2,176,147	(2,519,542)
Miscellaneous	-	-	-	251,886	251,886
Total revenues	30,803,628	-	30,803,628	15,532,689	(15,270,939)
Expenditures:					
Current:					
Support and administrative operations	13,047,490	-	13,047,490	2,434,783	10,612,707
Capital outlay:					
Federal aid programs	17,756,138	-	17,756,138	13,450,626	4,305,512
Total expenditures	30,803,628	-	30,803,628	15,885,409	14,918,219
Excess (deficiency) of revenues over expenditures	$ -	$ -	$ -	$ (352,720)	$ (30,189,158)

Note that certain budget amounts are reappropriated to a future year when not spent in the year the budget is allocated. The budgeted amounts above only include current year budgeted amounts.

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
AERONAUTICS COMMISSION FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Amendments	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:					
Taxes:					
Aviation fuel	$ 2,100,000	$ -	$ 2,100,000	$ 1,470,641	$ (629,359)
Investment and interest income	-	-	-	105,918	105,918
Intergovernmental revenues	1,430,168	-	1,430,168	915,163	(515,005)
Total revenues	3,530,168	-	3,530,168	2,491,722	(1,038,446)
Expenditures:					
Current:					
Support and administrative operations	3,926,268	-	3,926,268	1,657,990	2,268,278
Total expenditures	3,926,268	-	3,926,268	1,657,990	2,268,278
Excess (deficiency) of revenues over expenditures	$ (396,100)	$ -	$ (396,100)	$ 833,732	$ (3,306,724)

Note that certain budget amounts are reappropriated to a future year when not spent in the year the budget is allocated. The budgeted amounts above only include current year budgeted amounts.

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

NOTE 1 - DESCRIPTION OF ORGANIZATION AND FINANCIAL REPORTING ENTITY

On July 1, 2022, the Public Port Authority, the West Virginia State Rail Authority, Division of Public Transit, and the West Virginia State Aeronautics Commission were reestablished and merged, reconstituted, and continued as the West Virginia Division of Multimodal Transportation Facilities (the Division), an agency of the State. The West Virginia Legislature created the Division under House Bill 4492 to streamline the execution and implementation of the state's multimodal transportation goals and reduce related costs by consolidating existing multimodal authorities to a single division under the Secretary of Transportation. The Division is designated as the agency of this state responsible for administering all federal and state programs related to public ports, railroads, airports, air navigation facilities, and public transit providers. Streamlining the duties of the four previous Agencies into one allows an enhanced opportunity to consider all modes of transportation in future economic and tourism opportunities for the state.

Upon the passing of the House Bill, all assets, liabilities, deferred outflows, deferred inflows, and net position of the Public Port Authority, the West Virginia State Rail Authority, Division of Public Transit, and the West Virginia State Aeronautics Commission were transferred to the Division.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION - The accompanying financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - The government-wide financial statements (the statement of net position and the statement of activities) report information of all of the activities of the primary government and its component units, if any. The effect of interfund activity has been removed from these government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The Division does not allocate general government (indirect) expenses to other functions.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements, as necessary.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

GOVERNMENTAL FUND FINANCIAL STATEMENTS - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Division considers revenues to be available if they are collected within 45 days of the end of the current fiscal year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting for the governmental fund financial statements include:

- Employees' vested annual leave is recorded as expenditures when utilized. The amount of accumulated annual leave unpaid at June 30, 2023 has been reported only in the government-wide financial statements.

- Division employees earn sick leave benefits, which accumulate, but do not vest. When separated from employment with the Division, an employee's sick leave benefits are considered ended and no reimbursement is provided. Any employee who retires, however, may convert any unused accumulated sick leave to increase service credits for retirement purposes. Additionally, certain employees may choose to apply any unused accumulated sick leave to pay a portion of the employee's postemployment health care insurance premium in lieu of increasing their service credits. Those employees cannot split their unused leave between the two options.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Principal and interest on general long-term debt, including lease liabilities, are recorded as fund liabilities when due or when amounts have been accumulated in a debt service fund for transfer to the fiscal agent or for payment to be made early in the following year.

- Pension and other post-employment benefits expense is recorded when contributions are due in the governmental fund financial statements and recorded when incurred in the government-wide financial statements.

FUND ACCOUNTING - The Division uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The following summarizes the major governmental funds that are presented in the accompanying financial statements:

- Public Port Authority (General) Fund - This fund serves as the Division's General Fund and is used to account for all financial resources, except those accounted for in another fund. This fund is funded primarily by legislative appropriations.

- Public Transit Fund - This special revenue fund accounts for financial resources to be used for development and sustainability of public transportation services in the state and administers federal and state transit programs financed mostly by federal aid.

- Aeronautics Commission - This fund accounts for financial resources to be used for office and miscellaneous expenses and to provide funding to airports in the state financed by taxes and legislative appropriations. The special revenue from the Aviation Fuel Tax is used as half of the local match for the Federal Aviation Administration federal grants received from the Aviation Improvement Program.

INTERFUND ACTIVITY - As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges from the government's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

BUDGETING AND BUDGETARY CONTROL - The Division's expenditures are subject to the legislative budget process of the State, with annual budgets adopted utilizing the cash basis of accounting. The cash basis is modified at year-end to allow for payment of invoices up to 45 days after year-end for goods or services received prior to year-end. Appropriated budgeted expenditures, which lapse 45 days after the end of the fiscal year, are incorporated into the Division's overall financial plan, which includes revenue estimates developed by the Division and the State's executive branch. Expenditures are budgeted using natural categories of activity. Any revisions that alter overall budgeted expenditures for an expenditure category must be approved by the State Legislature.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's estimates.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents are short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of amounts on deposit in the State Treasurer's Office (STO) that are pooled funds managed by the West Virginia Board of Treasury Investments (BTI). Interest income from these investments is prorated to the Division at rates specified by the BTI based on the balance of the Division's deposits maintained in relation to the total deposits of all State agencies participating in the pool. Deposits are available with overnight notice to the BTI.

The STO has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards, and commissions. The STO determines which funds to transfer to the BTI for investment in accordance with the West Virginia Code, policies set by the BTI, and provisions of bond indentures and trust agreements when applicable.

The BTI maintains the Consolidated Fund investment fund, which consists of investment pools and participant-directed accounts, in three of which the Division may invest. These pools have been structured as multi-participant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Blvd. East, Room E-122, Charleston, West Virginia 25305 or http://www.wvbti.com.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature, and any other program investments authorized by the legislature.

INVENTORIES - Inventories are stated at the lower of cost or market; cost is valued using the weighted average cost method.

ALLOWANCE FOR DOUBTFUL ACCOUNTS - It is the Division's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances, the historical collectability experienced by the Division on such balances, and such other factors which, in the Division's judgment, require consideration in estimating doubtful accounts. As of June 30, 2023, management feels that all receivables will be collected; therefore, no allowance for doubtful accounts has been booked.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS - Purchases of capital assets are capitalized at cost, and, except for land, which is not depreciated, are depreciated using the straight-line method over the estimated useful lives of the assets ranging from five to forty years. Buildings and railroad infrastructure with an initial cost of $100,000 or more and furniture and equipment with an initial cost of $5,000 or more are recorded at cost. When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. Capital assets are reviewed annually for impairment.

Capital assets also include intangible right-to-use lease assets, initially measured at the present value of payments expected to be made during the lease term, plus certain other costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the estimated useful life of the underlying asset, unless the lease contains a purchase option.

COMPENSATED ABSENCES - Division employees generally earn vacation and sick leave on a monthly basis. Vacation, up to specific limits, is fully vested when earned, and sick leave, while not vesting to the employee prior to retirement, can be carried over to subsequent periods. Expenditures for compensated absences are recognized as incurred in the governmental fund financial statements. The government-wide financial statements present the cost of accumulated compensated absences as a liability.

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

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

DEFERRED OUTFLOW OF RESOURCES - A deferred outflow of resources is a consumption of net position by the Division that is applicable to a future reporting period.

DEFERRED INFLOW OF RESOURCES - A deferred inflow of resources is an acquisition of net position by the Division that is applicable to a future reporting period.

OPERATING REVENUES AND EXPENSES - Balances classified as operating revenues and expenses are those which comprise the Division's ongoing operations. Principal operating revenues are charges to customers for use of the rail lines. Principal operating expenses are the costs of providing the goods and services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION - As required by GASB Standards, the Division displays net position in the government-wide financial statements in three components: net investment in capital assets; restricted and unrestricted.

NET INVESTMENT IN CAPITAL ASSETS - This component of net position consists primarily of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

RESTRICTED NET POSITION - Restricted net position is assets whose use or availability has been restricted and the restrictions limit the Division's ability to use the resources to pay current liabilities. When both restricted and unrestricted resources are available for use, it is the Division's policy to use restricted resources first, then unrestricted resources as needed. Amounts shown as restricted on the statement of net position are restricted by enabling legislation.

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

FUND BALANCES - The Division has classified in the governmental fund financial statements its fund balances in the following categories: non-spendable, restricted, committed, assigned, and unassigned as applicable.

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

The restricted fund balance classification includes amounts restricted for use to specific purposes including externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; imposed by law through constitutional provisions, or enabling legislation including legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by appropriation legislation passed by the West Virginia State Legislature, which is the highest level of decision-making authority for the State. Those committed amounts cannot be used for any other purpose unless the West Virginia State Legislature passes new legislation concerning those amounts. The Division has no committed fund balances at June 30, 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned fund balances are constrained by the Division's intent to use such funds for specific purposes, but are neither restricted nor committed. The specific purpose for which the funds are intended is expressed within the appropriation requests of the Division and approved by the State Budget Office, according to the West Virginia State Code. Assigned fund balances include all remaining amounts that are not classified as non-spendable and are neither restricted nor committed. The Division has no assigned fund balances at June 30, 2023.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Any negative fund balances are unassigned.

The Division's policy is to use funds in the order of the most restrictive to the least restrictive.

NEWLY ADOPTED STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD - The Division has implemented GASB Statement No. 91, *Conduit Debt Obligations*. The requirements of this Statement eliminate the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity or inconsistency. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The adoption of GASB Statement No. 91 did not have a significant impact on the financial statements.

The Division has implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs).* The requirements of this Statement establish the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions, but are outside of the scope of Lease or Service Concession Arrangement Guidance. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will require governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The adoption of GASB Statement No. 94 did not have a significant impact on the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division has implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA).* The requirements of this Statement establish a definition for SBITA which is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (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. Generally, this Statement will require a government to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The Statement also establishes guidance for the treatment of costs related to SBITA activities other than subscription payments. Those activities are: Preliminary Project Stage, Initial Implementation Stage, and Operation and Additional Implementation Stage. This Statement also requires a government to disclose essential information about the arrangement such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability. The adoption of GASB Statement No. 96 did not have a significant impact on the financial statements.

The Division implemented GASB Statement No. 99, *Omnibus 2022*, with varying effective dates based upon each provision ranging from being effective immediately to fiscal years beginning after June 15, 2023. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) guidance and terminology updates on reporting derivative instruments that do not meet the definition of either an investment derivative or hedging derivative, but are within the scope of GASB Statement No. 53; (2) clarification of provisions of GASB Statement Nos. 87, 94, and 96; (3) extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate; (4) accounting for Supplemental Nutrition Assistance Program (SNAP) benefits; (5) non-monetary transactions; (6) clarification related to the focus of government-wide financial statements under GASB Statement No. 34; and (7) terminology updates related to GASB Statement No. 63. The provisions effective during the current fiscal year did not have an impact on the financial statements, and the Division has not yet determined the effect of the remaining provisions.

RECENT STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD - GASB has issued Statement No. 100, *Accounting Changes and Error Corrections- an Amendment of GASB Statement No. 62*, which is effective for fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. Those changes include things like: certain changes in accounting principles, certain changes in estimates that result from a justified or preferable change in measurement or new methodology. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods; changes to or within the reporting entity be reported by adjusting beginning balances of the current period; and changes in accounting estimates be reported prospectively by recognizing the change in the current period. If the change in accounting principle is the result of a new pronouncement the requirements only apply absent specific transition guidance in the pronouncement. Under this standard it is also necessary to display the total adjustment to beginning net position, fund balance, or fund net position on the face of the financial statements, by reporting unit. This statement also specifies both qualitative and quantitative disclosure requirements. Lastly, this statement provides guidance for if and how these changes should be reflected in required supplementary information and supplementary information. The Division has not yet determined the effect that the adoption of GASB Statement No. 100 may have on its financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB has issued Statement No. 101, *Compensated Absences,* which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement, a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The Division has not yet determined the effect that the adoption of GASB Statement No. 101 may have on its financial statements.

NOTE 3 - GOVERNMENT MERGER

As disclosed in note 1 the Division began operations July 1, 2022, and was formed through legislation that merged the Public Port Authority, the West Virginia State Rail Authority, the Division of Public Transit, and the West Virginia State Aeronautics Commission to streamline the execution and implementation of transportation goals and reduce costs. The initial balances of the Division's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as of the beginning of the period, were determined on the basis of the carrying values reported in the separate financial statements of the combined entities, detailed as follows:

	Public Port Authority	State Rail Authority	Division of Public Transit	State Aeronautics Commission	Total
ASSETS					
Current assets	$ 453,950	$ 7,048,176	$ 1,599,904	$ 2,046,211	$ 11,148,241
Capital assets	39,547,811	36,989,378	80,211	-	76,617,400
Other assets	-	263,791	1,978	67,447	333,216
Total assets	40,001,761	44,301,345	1,682,093	2,113,658	88,098,857
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows	-	145,841	142,471	44,593	332,905
LIABILITIES					
Current liabilities	-	424,096	1,059,756	9,372	1,493,224
Noncurrent liabilities	-	36,295	96,450	8,758	141,503
Total liabilities	-	460,391	1,156,206	18,130	1,634,727
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows	-	482,661	155,396	122,564	760,621
NET POSITION					
Net investment in capital assets	39,547,811	36,989,378	-	-	76,537,189
Restricted	-	-	-	-	-
Unrestricted	453,950	6,514,756	512,962	2,017,557	9,499,225
Total net position	$ 40,001,761	$ 43,504,134	$ 512,962	$ 2,017,557	$ 86,036,414

NOTE 4 - CASH INVESTMENTS AND CASH EQUIVALENTS

The composition of cash and cash equivalents which are carried at amortized costs, were at June 30, 2023:

Cash on deposit with State Treasurer	$ 1,704,509
Cash on deposit with State Treasurer invested in BTI (WV Money Market Pool)	6,478,130
Cash on deposit with State Treasurer invested in BTI (WV Short Term Bond Pool)	2,347,333
	$ 10,529,972

BTI DISCLOSURE INFORMATION - (In Thousands)

Investments and Deposits

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of the Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the Consolidated Fund.

WV Money Market Pool - Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the year ended June 30, 2023, the WV Money Market Pool has been rated AAAm by Standard & Poor's. A fund rated AAAm has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAm is the highest principal stability fund rating assigned by Standard & Poor's. Neither the BTI itself nor any of the other Consolidated Fund pools or accounts has been rated for credit risk by any organization. Of the Consolidated Fund pools and accounts, seven are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, WV Bank Pool, Loan Pool, Reserve Pool, and School Fund Account.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated A-1 or higher by Standard & Poor's (or its equivalent). As of June 30, 2023, the WV Money Market Pool investment had a total carrying value of $9,859,129 of which the Division's ownership represents .07%.

NOTE 4 - CASH INVESTMENTS AND CASH EQUIVALENTS (Continued)

WV Short Term Bond Pool - Credit Risk

The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all long-term corporate debt be rated BBB- or higher by Standard & Poor's (or its equivalent) and all short-term corporate debt be rated A-1 or higher by Standard & Poor's (or its equivalent). Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's (or its equivalent). The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

Security Type	Rating	Carrying Value (in Thousands)	Percent of Pool Assets
U.S. Treasury notes*	AA+	$ 139,870	19.94%
U.S. government agency bonds	AA+	2,351	0.34
U.S. agency collateralized mortgage obligations			
U.S. government guaranteed*	AA+	7,288	1.04
Non-U.S. government guaranteed	AA+	864	0.12
Corporate fixed- and floating-rate bonds and notes	AAA	5,776	0.82
	AA+	5,220	0.74
	AA	6,279	0.90
	AA-	17,640	2.51
	A+	51,316	7.32
	A	57,546	8.20
	A-	103,749	14.81
	BBB+	44,723	6.37
	BBB	21,770	3.10
	BBB-	41,697	5.94
	BB+	3,505	0.50
	NR	11,189	1.59
Collateralized mortgage obligations	AAA	3,071	0.44
	NR	10,606	1.51
Municipal Securities	AAA	9,010	1.28
	AA+	12,571	1.79
	AA	11,095	1.58
	AA-	7,693	1.10
	NR	2,764	0.39
Asset-backed securities	AAA	97,491	13.90
	NR	17,814	2.54
Money market funds	AAAm	8,652	1.23
		$ 701,550	100.00%

NR = Not Rated. Securities are not rated by Standard & Poor's but are rated by Moody's, Fitch and/or DBRS Morningstar.
* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

At June 30, 2023, the Division's ownership represents .33% of amounts held by the BTI.

NOTE 4 - CASH INVESTMENTS AND CASH EQUIVALENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

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

Security Type	Carrying Value (in Thousands)	WAM (Days)
Corporate bonds and notes	$ 50,000	1
Commercial paper	6,804,022	25
Negotiable certificates of deposit	1,950,000	56
Repurchase agreements	834,500	3
Money market funds	220,607	3
	$ 9,859,129	29

The overall effective duration of the investments of the WV Short Term Bond Pool is limited to a +/- 30 percent band around the effective duration of the portfolio's benchmark (the ICE BofAML 1-3 US Corporate & Government Index). As of June 30, 2023, the effective duration of the benchmark was 672 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

Security Type	Carrying Value (in Thousands)	Effective Duration (Days)
U.S Treasury notes	$ 139,870	709
U.S government agency bonds	2,351	530
U.S. agency collaterlaized mortgage obligations	8,152	63
Corporate fixed-rate bonds and notes	355,045	660
Corporate floating-rate bonds and notes	15,365	(39)
Commercialized mortgage-backed securities	13,677	346
Municipal securities	43,133	374
Asset-backed securities	115,305	618
Money market funds	8,652	-
	$ 701,550	609

NOTE 4 - CASH INVESTMENTS AND CASH EQUIVALENTS (Continued)

Other Risks of Investing

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

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

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

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

Deposits

Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. There were no deposits held in the pools and accounts as of June 30, 2023. The BTI does not have a deposit policy for custodial credit risk.

NOTE 5 - CAPITAL ASSETS

Capital assets balances, and the activity for the year ended June 30, 2023 are summarized below:

Governmental Funds

	July 1, 2022	Additions	Deletions	June 30, 2023
Capital assets				
Land	$ 2,943,024	$ -	$ (2,943,024)	$ -
Infrastructure	42,270,752	-	(42,270,752)	-
Rolling equipment	2,083,346	-	-	2,083,346
Right-to-use assets	120,317	41,047	-	161,364
Total capital assets	$ 47,417,439	$ 41,047	$ (45,213,776)	$ 2,244,710
Accumulated depreciation/amortization				
Infrastructure	$ 6,340,613	$ 88,064	$ (6,428,677)	$ -
Rolling equipment	1,408,698	205,789	-	1,614,487
Right-to-use assets	40,106	40,419	-	80,525
Total accumulated depreciation	$ 7,789,417	$ 334,272	$ (6,428,677)	$ 1,695,012

Enterprise Fund

	July 1, 2022	Additions	Deletions	June 30, 2023
Capital assets				
Land	$ 5,717,116	$ -	$ -	$ 5,717,116
Land improvements	1,031,716	-	-	1,031,716
Buildings and improvements	980,683	1,533,849	-	2,514,532
Office equipment	9,604	-	-	9,604
Work equipment	2,057,854	-	-	2,057,854
Locomotives, freight, and passenger cars	4,108,092	-	-	4,108,092
Railroad infrastructure	61,961,598	773,335	(60,639)	62,674,294
Leasehold improvements	776,298	-	-	776,298
Construction in progress	605,266	284,751	(605,266)	284,751
Total capital assets	$ 77,248,227	$ 2,591,935	$ (665,905)	$ 79,174,257
Accumulated depreciation/amortization				
Land improvements	$ 472,028	$ 59,136	$ -	$ 531,164
Buildings and improvements	508,055	27,982	-	536,037
Office equipment	9,604	-	-	9,604
Work equipment	1,728,905	72,902	-	1,801,807
Locomotives, freight, and passenger cars	2,711,493	142,132	-	2,853,625
Railroad infrastructure	34,711,164	1,771,826	(60,639)	36,422,351
Leasehold improvements	117,598	23,891	-	141,489
Total accumulated depreciation	$ 40,258,847	$ 2,097,869	$ (60,639)	$ 42,296,077

During July 2022, the Division entered into an agreement with the Wayne County Commission to transfer the Heartland Intermodal Gateway (HIG) and related assets and operations to the Wayne County Commission in the best interest of West Virginia citizens to facilitate the operation of the HIG. As a result of the transfer, the Division recorded a transfer to an other governmental entity of $38.8 million.

NOTE 5 - CAPITAL ASSETS (Continued)

The right-to-use asset relates to an office building lease. Future payments on the lease are as follows:

Year Ending June 30,	Principal	Interest
2024	$ 40,928	$ 2,596
2025	42,595	929
	$ 83,523	$ 3,525

NOTE 6 - NONCURRENT LIABILITIES

The following is a summary the net pension (asset) liability and the net OPEB (asset) liability for the Division for the year ended June 30, 2023:

	July 1, 2022	Additions	Reductions	June 30, 2023
OPEB (asset) liability	$ 16,923	$ 6,435	$ -	$ 23,358
Net pension (asset) liability	(329,276)	227,432	-	101,844
Total noncurrent liability	$ (312,353)	$ 233,867	$ -	$ 125,202

NOTE 7 - RELATED PARTY TRANSACTIONS WITH THE STATE OF WEST VIRGINIA

The Division enters into certain transactions with various agencies of the State of West Virginia. The following summarizes the nature and terms of the most significant transactions.

The Division's employees participate in various benefit plans offered by the State of West Virginia. Employer contributions to these plans are mandatory. During the year ended June 30, 2023, the Division incurred payroll related expenditures of $177,827 for employee health insurance benefits provided through the West Virginia Public Employees Insurance Agency, $21,813 to RHBT for OPEB, and approximately $106,084 in employer matching contributions to the State Public Retirement System. The Division also paid the West Virginia Department of Highways approximately $791,952 for bridge inspections, engineering services, labor and materials. In addition, during the year ended June 30, 2023, the Division received transfers of $5,959,859 in appropriated funds as well as $86,036,414 of beginning net position for the creation of this Division. A substantial decrease in this revenue or assistance would have a significant effect on the operations of the Division.

At June 30, 2023, the Division had amounts due from the State of West Virginia of $1,164,348.

NOTE 8 - RISK MANAGEMENT

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

BRIM is a public entity risk pool that provides coverage for general, liability, and property damage in the amount of $1,000,000 per occurrence. Such coverage may be provided to the Division by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM. BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the Division or other participants in BRIM's insurance program. As a result, management does not expect significant differences between the premiums the Division is currently charged by BRIM and the ultimate cost of that insurance based on the Division's actual loss experience. Furthermore, there have been no settlements that have exceeded this coverage in the last three years.

Through its participation in PEIA, the Division has obtained health, life, and prescription drug coverage for all its employees. In exchange for payment of premiums to PEIA and a third-party insurer, the Division has transferred its risks related to health, life, prescription drug coverage, and job-related injuries. PEIA issues publicly available financial reports that include financial statements and required supplementary information; these reports may be obtained at www.peia.wv.gov.

The Division has obtained coverage for job related injuries through the purchase of a worker's compensation insurance policy from American Zurich Insurance Company. In exchange for premiums, the Division transfers its risk of loss related to employee injuries to American Zurich Insurance Company. The Division's worker's compensation is overseen by the West Virginia Offices of the Insurance Commissioner.

NOTE 9 - RETIREMENT PLAN

Plan Description - The Division contributes to the West Virginia 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 provides retirement benefits as well as death and disability benefits. CPRB issues a publicly available financial report that includes financial statements and required supplemental information for PERS. That report can be obtained by writing to CPRB, 4101 MacCorkle Avenue, SE, Charleston, West Virginia 25304-1636 or by calling (304) 558-3570.

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

NOTE 9 - RETIREMENT PLAN (Continued)

Tier I: Employees who retire at or after age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 years or greater, are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of three consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62.

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

Contributions - While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. Current funding policy requires employer contributions of 9% for the year ended June 30, 2023. The employee contribution rate is 4.5% and 6.0% for Tier I and Tier II employees, respectively. The Division's contributions to PERS, excluding the employees' contributions paid by the Division, were $106,084 for the year ended June 30, 2023.

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

At June 30, 2023, the Division reported a liability (asset) of $101,844 for its proportionate share of the net pension liability (asset). The June 30, 2023 net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2021, rolled forward to the measurement date of June 30, 2022. The Division's proportion of the net pension liability (asset) was based on a projection of the Division's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2022 measurement date, the Division's proportionate share was 0.068388%.

NOTE 9 - RETIREMENT PLAN (Continued)

For the year ended June 30, 2023, the Division recognized pension expense of $58,943. At June 30, 2023, the Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 39,070	$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,428	2,464
Net difference between projected and actual investment earnings	61,411	-
Changes in assumptions	67,031	-
Contributions subsequent to the measurement date	106,084	-
Total	$ 283,024	$ 2,464

The Division will recognize the $106,084 reported as deferred outflows of resources resulting from pension contributions subsequent to the measurement date as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amortization
2024	$ 88,313
2025	(17,927)
2026	(72,348)
2027	176,438
	$ 174,476

Actuarial assumptions and methods - The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	2.75% - 6.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense

NOTE 9 - RETIREMENT PLAN (Continued)

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 for active members; 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy males; 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy females, 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected with scale MP-2018 for disabled males, 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected with scale MP-2018 for disabled females, 112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with Scale MP-2018 for beneficiary males, and 115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2018 for beneficiary females.

The economic assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020. All other assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Long-term expected rates of return

The long-term rates of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and best estimates of long-term geometric rates of return for each major asset class as of June 30, 2022 are summarized below:

June 30, 2022

Asset Class	Target Allocation	Long-term Expected Real Return
Domestic equity	27.5%	5.3%
International equity	27.5%	6.1%
Fixed income	15.0%	2.2%
Real estate	10.0%	6.5%
Private equity	10.0%	9.5%
Hedge funds	10.0%	3.8%

Discount rate - The discount rate used to measure the total pension liability (asset) was 7.25%. The projections of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from employers will continue to follow the current funding policies. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability (asset). Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

NOTE 9 - RETIREMENT PLAN (Continued)

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

	1% Decrease (6.25%)	**Current Discount Rate (7.25%)**	**1% Increase (8.25%)**
Net pension (asset) liability	720,619	101,844	(427,741)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report available at CPRB's website at www.wvretirement.com.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are the Division's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal year ended June 30, 2023:

Net OPEB liability (asset)	23,358
Deferred outflows of resources	57,861
Deferred inflows of resources	125,433
Revenues	(25,754)
OPEB expense	(124,655)
Contributions made by the Division	21,813

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

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Annual Comprehensive Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

<u>Benefits Provided</u> - The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2022 were:

	February 2022-June 2022 2022	July 2021-January 2022 2022
Paygo premium	$ 48	$ 116

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

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage. The Division's contributions to the OPEB plan for the year ended June 30, 2023 were $21,813.

The June 30, 2023 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2021 and a measurement date of June 30, 2022. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.25%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 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.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

The actuarial valuation as of June 30, 2021 reflects updates to the following assumptions which are reviewed at each measurement date:

- Projected capped subsidies;
- Per capita claim costs;
- Healthcare trend rates;
- Coverage and continuance;
- Percentage eligible for tobacco-free premium discount; and
- Retired employee assistance program participation

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the BTI.

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

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

Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55.0%	4.8%
Core plus fixed income	15.0%	2.1%
Core real estate	10.0%	4.1%
Hedge fund	10.0%	2.4%
Private equity	10.0%	6.8%

Single discount rate - A single discount rate of 6.65% was used to measure the total OPEB liability (asset). This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB (asset) liability to changes in the discount rate - The following presents the net OPEB liability (asset) of the plan as of June 30, 2023 calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate.

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Net OPEB (asset) liability	60,039	23,358	(8,110)

Sensitivity of the net OPEB (asset) liability to changes in the healthcare cost trend rate - The following presents the Division's proportionate share of the net OPEB liability (asset) as of June 30, 2023 calculated using the healthcare cost trend rate, as well as what the Division's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB (asset) liability	(13,279)	23,358	66,710

OPEB (Assets) Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB - The June 30, 2023 net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

At June 30, 2023, the Division's proportionate share of the net OPEB liability (asset) was $31,359. Of this amount, the Division recognized $23,358 as its proportionate share on the statement of net position. The remainder of $8,001 denotes the Division's proportionate share of net OPEB liability (asset) attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal year ended June 30, 2022. Employer contributions are recognized when due. At the June 30, 2022 measurement date, the Division's proportion was 0.021%.

For the year ended June 30, 2023, the Division recognized OPEB expense of $(124,655). Of this amount, $(98,901) was recognized as the Division's proportionate share of OPEB expense and $(25,754) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	June 30, 2023	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 17,443	$ 36,125
Net difference between projected and actual investment earnings	3,625	-
Changes in assumptions	14,980	59,348
Differences between expected and actual non-investment experience	-	29,798
Reallocation of opt-out employer change in proportionate share	-	162
Contributions after the measurement date	21,813	-
Total	$ 57,861	$ 125,433

The Division will recognize the $21,813 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability (asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amortization
2024	$ (36,334)
2025	(34,781)
2026	(20,075)
2027	1,805
	$ (89,385)

Payables to the OPEB Plan - The Division did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2023.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Periodic Audits

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Division management believes disallowances, if any, will not have a significant financial impact on the Division's financial position.

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

Various legal proceedings and claims related to the Division may occur from time to time. As of June 30, 2023, there were approximately two open cases concerning slip and fall accidents. The claims are insured through BRIM and being handled by assigned outside counsel.

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
JUNE 30, 2023

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Government's proportion of the net pension liability (asset) (percentage)	0.07%									
Government's proportionate share of the net pension liability (asset)	$ 101,844									
Government's covered payroll	$ 1,383,223									
Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	7.36%									
Plan fiduciary net position as a percentage of the total pension liability	98.17%									

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The Division was created July 1, 2022.

See accompanying notes to the required supplementary information.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2023

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 106,084									
Contributions in relation to the statutorily required contribution	$ (106,084)									
Contribution deficiency (excess)	$ -									
Government's covered payroll	$ 1,178,711									
Contributions as a percentage of covered payroll	9.00%									

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The Division was created July 1, 2022.

See accompanying notes to the required supplementary information.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2023

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Government's proportion of the net OPEB liability (asset) (percentage)	0.02%									
Government's proportionate share of the net OPEB liability (asset)	$ 23,358									
State's proportionate share of the net OPEB liability (asset)	8,001									
Total proportionate share of the net OPEB liability (asset)	$ 31.359									
Government's payroll (1)	$ 1,383,223									
Government's proportionate share of the net OPEB liability (asset) as a percentage of its payroll (1)	1.69%									
Plan fiduciary net position as a percentage of the total OPEB liability	93.59%									

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The Division was created July 1, 2022.

(1) Covered payroll related to the OPEB plan was unavailable; therefore, total payroll for the government was used.

See accompanying notes to the required supplementary information.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2023

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 21,813									
Contributions in relation to the statutorily required contribution	$ (21,813)									
Contribution deficiency (excess)	$ -									
Government's payroll (1)	$ 1,636,994									
Contributions as a percentage of payroll (1)	1.33%									

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The Division was created July 1, 2022.

(1) Covered payroll related to the OPEB plan was unavailable; therefore, total payroll for the government was used.

See accompanying notes to the required supplementary information.

Changes in Assumptions

An experience study for economic assumptions, which was based on the years 2015 through 2020, and an experience study for all other assumptions, which was based on the years 2013 through 2018, was approved by the Consolidated Public Retirement Board. As a result, valuation assumptions were changed as of June 30, 2022 to reflect the most recent experience study:

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

Actuarial Changes Other Postemployment Benefits Plan

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

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.

ADDITIONAL INFORMATION

Suttle & Stalnaker PLLC
Certified Public Accountants

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

To the Members of the
West Virginia Division of Multimodal Transportation Facilities
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the West Virginia Division of Multimodal Transportation Facilities (the Division) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Division’s basic financial statements, and have issued our report thereon dated October 13, 2023. Our report also includes an emphasis of matter paragraph noting that the financial statements of the Division are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the governmental and business-type activities of the State of West Virginia that is attributable to the transactions of the Division. They do not purport to, and do not present fairly the financial position of the State of West Virginia, as of June 30, 2023, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Purpose of This Report

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

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 13, 2023