
WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES

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

AUDITED FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2024



A Professional Limited Liability Company



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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, 2024, 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, 2024, 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.

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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 13, the schedule of proportionate share of the net 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, 2024 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 15, 2024, 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.



Charleston, West Virginia
October 15, 2024

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, 2024. Please read it in conjunction with the Division's basic financial statements and notes to the financial statements which follow this section.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

- The Division's net position as of June 30, 2024 was \$47,170,519.
- Total expenses were \$29,059,808 with program revenues of \$19,013,063 and general revenues of \$10,269,710.

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.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed financial information from the Statement of Net Position and Statement of Activities for the years ended June 30, 2024 and 2023 is as follows:

Statement of Net Position - Governmental Activities

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Current Assets	\$ 7,662,771	\$ 4,919,600	55.76%
Noncurrent assets	277,719	549,698	-49.48%
Deferred outflows of resources	162,636	206,947	-21.41%
Total assets plus deferred outflows of resources	<u>8,103,126</u>	<u>5,676,245</u>	42.76%
Current liabilities	2,922,938	1,337,680	118.51%
Noncurrent liabilities	16,565	210,331	-92.12%
Deferred inflows of resources	67,549	66,622	1.39%
Total liabilities plus deferred inflows of resources	<u>3,007,052</u>	<u>1,614,633</u>	86.24%
Net position			
Net investment in capital assets	263,070	468,859	-43.89%
Restricted	4,489,443	3,168,401	41.69%
Unrestricted	343,561	424,352	-19.04%
Total net position	<u>\$ 5,096,074</u>	<u>\$ 4,061,612</u>	25.47%

Increase in total current assets is mainly due to an increase in accounts receivable of approximately \$1.8 million. Accounts receivable increased as a result of the timing of ongoing federal projects at year end. Increase in current liabilities is mainly due to an increase in accounts payable of approximately \$1.5 million. This increase is due to the timing of grant and construction payments near year end.

Statement of Activities - Governmental Activities

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Revenue			
Program revenues:			
Operating grants and contributions	\$ 18,159,225	13,104,656	38.57%
General revenues and transfers	7,906,797	(33,616,631)	123.52%
Total Revenue	<u>26,066,022</u>	<u>(20,511,975)</u>	227.08%
Programs expenses:			
Federal aid programs	17,491,327	13,372,091	30.80%
Support and administrative operations	7,540,233	4,586,602	64.40%
Total Expenses	<u>25,031,560</u>	<u>17,958,693</u>	39.38%
Change in net position	1,034,462	(38,470,668)	102.69%
Net position, beginning of the year	4,061,612	42,532,280	-90.45%
Net position, end of the year	<u>\$ 5,096,074</u>	<u>\$ 4,061,612</u>	25.47%

General revenues and transfers increased over prior year due to the transfer of the Prichard Facility to the Wayne County Commission during fiscal year 2023. The value of this transfer was approximately \$39 million. The increase in support and administrative operations in the current year is due to a \$4.8 million increase in grant awards to organizations in order to purchase new vans and buses.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

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Statement of Net Position - Business-Type Activities

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Current Assets	\$ 6,221,364	\$ 7,035,265	-11.57%
Noncurrent assets	36,480,440	36,878,180	-1.08%
Deferred outflows of resources	<u>79,622</u>	<u>133,938</u>	-40.55%
Total assets plus deferred outflows of resources	42,781,426	44,047,383	-2.87%
Current liabilities	599,793	933,921	-35.78%
Noncurrent liabilities	59,188	166,245	-64.40%
Deferred inflows of resources	<u>48,000</u>	<u>61,275</u>	-21.66%
Total liabilities plus deferred inflows of resources	706,981	1,161,441	-39.13%
Net position			
Net investment in capital assets	36,456,791	36,878,180	-1.14%
Restricted	55,271	-	100.00%
Unrestricted	<u>5,562,383</u>	<u>6,007,762</u>	-7.41%
Total net position	<u>\$ 42,074,445</u>	<u>\$ 42,885,942</u>	-1.89%

Current liabilities decreased in current year due to timing of payments at year end. All other accounts on the statement of net position remained relatively unchanged from the prior year.

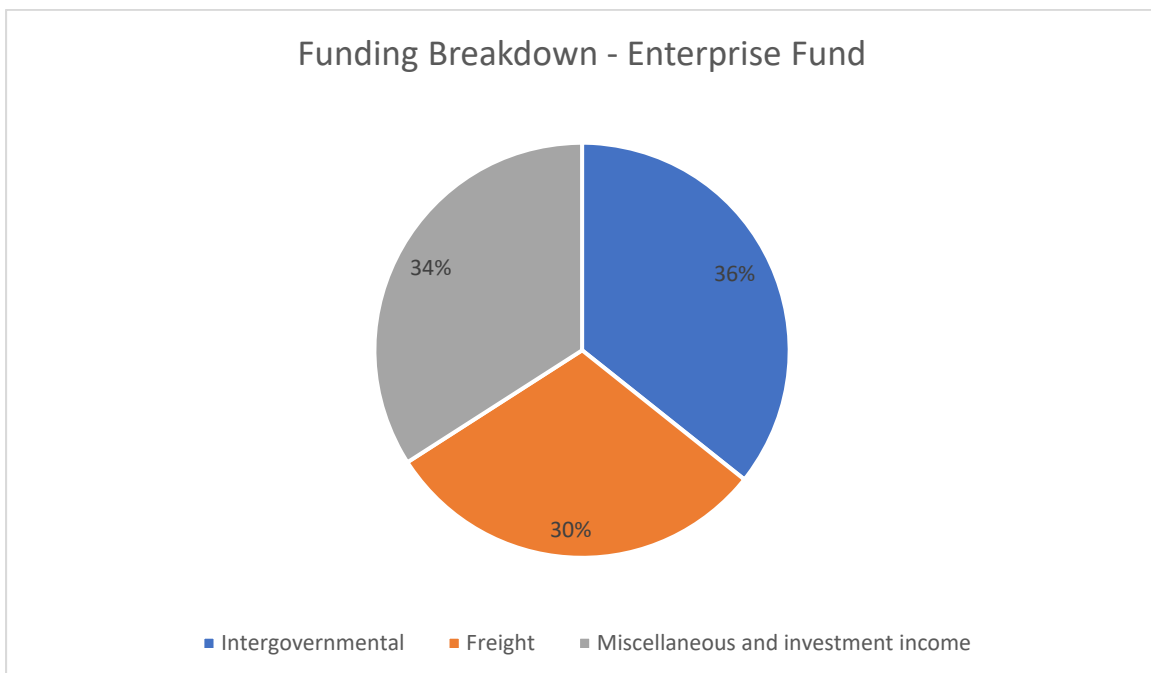
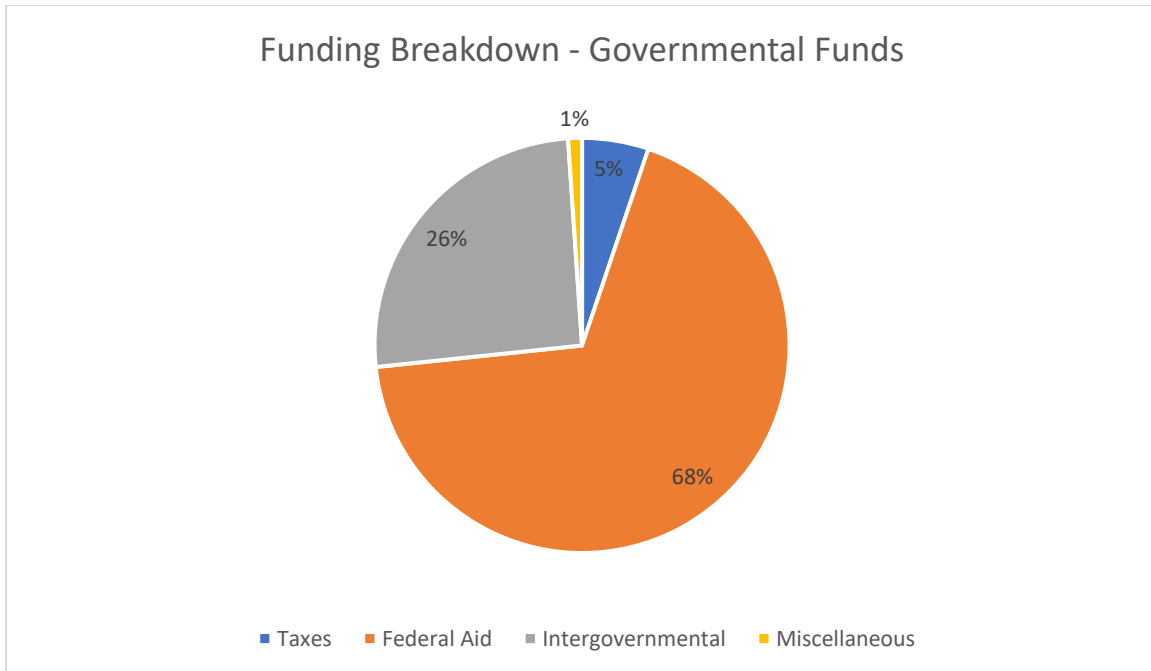
Statement of Activities - Business-Type Activities

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Revenue			
Program revenues:			
Charges for services	\$ 853,838	\$ 1,352,440	-36.87%
General revenues and transfers	<u>2,362,913</u>	<u>4,162,925</u>	-43.24%
Total Revenue	3,216,751	5,515,365	-41.68%
Programs expenses:			
State Rail	<u>4,028,248</u>	<u>6,133,557</u>	-34.32%
Total Expenses	4,028,248	6,133,557	-34.32%
Change in net position	(811,497)	(618,192)	-31.27%
Net position, beginning of the year	<u>42,885,942</u>	<u>43,504,134</u>	-1.42%
Net position, end of the year	<u>\$ 42,074,445</u>	<u>\$ 42,885,942</u>	-1.89%

Decrease in charges for services is due to the State Rail fund contracting with an operator during the current year who maintains a portion of the revenue for services provided. Program expenses decreased in the current year due to higher expenses in 2023 due to increased travel for management and a large project to replace railroad ties.

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, 2024 for the governmental funds and the enterprise fund.



FINANCIAL ANALYSIS AND HIGHLIGHTS OF THE DIVISION'S MAJOR FUNDS

At June 30, 2024, the Division reported fund balances of \$4,821,722 for its governmental funds. Of this amount, \$4,367,276 constitutes restricted fund balance, while \$454,446 constitutes unassigned fund balance.

General Fund – At June 30, 2024, the General Fund had \$454,446 of unassigned fund balance. The General Fund reported beginning fund balance of \$454,447.

Public Transit – At June 30, 2024, Public Transit had \$976,958 of restricted fund balance and reported beginning fund balance of \$297,830. Public Transit's revenues exceeded expenditures for the year ended June 30, 2024 by \$679,128. Public Transit provided over \$17.4 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, 2024, Aeronautics Commission had \$3,390,318 of restricted fund balance and reported beginning fund balance of \$2,870,571. Aeronautics Commission's revenues exceeded expenditures for the year ended June 30, 2024 by \$519,747. In addition, over \$3.0 million was provided to local airports as direct grants and matching funds for FAA projects during fiscal year 2024.

At June 30, 2024, the Division reported net position of \$42,074,445 for its enterprise fund, State Rail. Of this amount, \$36,456,791 constitutes net investment in capital assets, \$55,271 constitutes restricted net position, and \$5,562,383 constitutes unrestricted net position. Expenses exceeded revenues and transfers for the year ended June 30, 2024 by \$811,497. For State Rail, the carloads handled by State Rail and through their agreement with OmniTRAX SBVR, LLC increased from prior year operations by 441 cars. Fiscal year 2025 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, 2024 were \$36.7 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 BUDGET

The Division's year ending June 30, 2025 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, \$2.3 million for the Public Transit section and \$1.0 million for the Aeronautics Commission section. In addition, \$1 million is projected from freight operations and lease and royalties from the State Rail section. The Aeronautics section has \$2 million budgeted for the receipt of Aviation Fuel Tax. The Public Transit section has \$28.2 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 in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the West Virginia 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, 2024

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	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 5,130,902	\$ 5,837,488	\$ 10,968,390
Receivables	-	109,888	109,888
Federal aid receivable	2,043,911	-	2,043,911
Due from other State of West Virginia agencies	487,958	251,942	739,900
Inventories	-	22,046	22,046
Total current assets	<u>7,662,771</u>	<u>6,221,364</u>	<u>13,884,135</u>
Noncurrent assets			
Capital assets	2,057,890	67,181,880	69,239,770
Accumulated depreciation	(1,794,820)	(30,725,089)	(32,519,909)
Total capital assets	<u>263,070</u>	<u>36,456,791</u>	<u>36,719,861</u>
Net pension asset	1,945	1,048	2,993
Net other post-employment benefits asset	<u>12,704</u>	<u>22,601</u>	<u>35,305</u>
Total noncurrent assets	<u>277,719</u>	<u>36,480,440</u>	<u>36,758,159</u>
Deferred outflows of resources			
Deferred outflows related to pension	151,613	63,152	214,765
Deferred outflows related to other post-employment benefits	<u>11,023</u>	<u>16,470</u>	<u>27,493</u>
Total deferred outflows of resources	<u>162,636</u>	<u>79,622</u>	<u>242,258</u>
Total assets and deferred outflows of resources	<u>8,103,126</u>	<u>42,781,426</u>	<u>50,884,552</u>
LIABILITIES			
Current liabilities			
Accounts payable	2,794,994	348,966	3,143,960
Accrued expenses	45,094	27,376	72,470
Due to other governmental entities	961	191,113	192,074
Compensated absences	81,889	28,974	110,863
Unearned revenue	-	3,364	3,364
Total current liabilities	<u>2,922,938</u>	<u>599,793</u>	<u>3,522,731</u>
Noncurrent liabilities			
Compensated absences	16,565	29,621	46,186
Unearned revenue	-	29,567	29,567
Total noncurrent liabilities	<u>16,565</u>	<u>59,188</u>	<u>75,753</u>
Total liabilities	<u>2,939,503</u>	<u>658,981</u>	<u>3,598,484</u>
Deferred inflows of resources			
Deferred inflows related to pension	31,391	16,510	47,901
Deferred inflows related to other post-employment benefits	<u>36,158</u>	<u>31,490</u>	<u>67,648</u>
Total deferred inflows of resources	<u>67,549</u>	<u>48,000</u>	<u>115,549</u>
Total liabilities and deferred inflows of resources	<u>3,007,052</u>	<u>706,981</u>	<u>3,714,033</u>
NET POSITION			
Net investment in capital assets	263,070	36,456,791	36,719,861
Restricted	4,489,443	55,271	4,544,714
Unrestricted	<u>343,561</u>	<u>5,562,383</u>	<u>5,905,944</u>
Total net position	<u>5,096,074</u>	<u>42,074,445</u>	<u>47,170,519</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,103,126</u>	<u>\$ 42,781,426</u>	<u>\$ 50,884,552</u>

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF ACTIVITIES
#NAME?

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Direct Expenses	Charges for Services	Operating Grants	Capital Grants	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
Federal aid programs	\$ 17,491,327	\$ -	\$ 18,159,225	\$ -	\$ 667,898	\$ -	\$ 667,898
Support and administrative operations	7,540,233	-	-	-	(7,540,233)	-	(7,540,233)
Total governmental activities	25,031,560	-	18,159,225	-	(6,872,335)	-	(6,872,335)
Business-type activities:							
State Rail	4,028,248	853,838	-	-	-	(3,174,410)	(3,174,410)
Total business-type activities	4,028,248	853,838	-	-	-	(3,174,410)	(3,174,410)
Total primary government	\$ 29,059,808	\$ 853,838	\$ 18,159,225	\$ -	(6,872,335)	(3,174,410)	(10,046,745)
General revenues:							
Taxes:							
Aviation fuel					1,381,717	-	1,381,717
Investment and interest income					186,433	295,746	482,179
Intergovernmental					6,817,344	1,008,853	7,826,197
Gain (loss) on disposition of assets					-	(172,588)	(172,588)
Miscellaneous revenues					110,549	667,142	777,691
Payments on behalf					(9,170)	(16,316)	(25,486)
Transfers					(580,076)	580,076	-
Total general revenues and transfers					7,906,797	2,362,913	10,269,710
Change in Net Position					1,034,462	(811,497)	222,965
Net position - beginning					4,061,612	42,885,942	46,947,554
Net position - ending					\$ 5,096,074	\$ 42,074,445	\$ 47,170,519

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	Public Transit	Aeronautics Commission	Totals
ASSETS				
Cash and cash equivalents	\$ 454,446	\$ 1,257,035	\$ 3,419,421	\$ 5,130,902
Federal aid receivable	-	1,950,488	93,423	2,043,911
Due from other State of West Virginia agencies	22,006	460,597	5,355	487,958
Total assets	<u>\$ 476,452</u>	<u>\$ 3,668,120</u>	<u>\$ 3,518,199</u>	<u>\$ 7,662,771</u>
LIABILITIES				
Accounts payable	\$ 1,798	\$ 2,665,315	\$ 127,881	\$ 2,794,994
Accrued expenses	20,130	24,964	-	45,094
Due to other governmental entities	78	883	-	961
Total liabilities	<u>22,006</u>	<u>2,691,162</u>	<u>127,881</u>	<u>2,841,049</u>
FUND BALANCE				
Restricted	-	976,958	3,390,318	4,367,276
Unassigned	454,446	-	-	454,446
Total fund balance	<u>454,446</u>	<u>976,958</u>	<u>3,390,318</u>	<u>4,821,722</u>
Total liabilities and fund balance	<u>\$ 476,452</u>	<u>\$ 3,668,120</u>	<u>\$ 3,518,199</u>	<u>\$ 7,662,771</u>

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, 2024

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

Fund balance		\$ 4,821,722
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Rolling equipment	2,057,890	
Accumulated depreciation	<u>(1,794,820)</u>	
		263,070
Deferred inflows of resources for pensions and OPEB are reported in the statement of net position but not reported in the funds.		(67,549)
Deferred outflows of resources for pensions and OPEB are reported in the statement of net position but not reported in the funds.		162,636
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Compensated absences	(98,454)	
Net pension (liability)/asset	1,945	
Net OPEB (liability)/asset	<u>12,704</u>	
		<u>(83,805)</u>
Net position of governmental activities		<u><u>\$ 5,096,074</u></u>

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, 2024

18

	General	Public Transit	Aeronautics Commission	Totals
Revenues:				
Taxes:				
Aviation fuel	\$ -	\$ -	\$ 1,381,717	\$ 1,381,717
Federal aid	-	18,159,225	-	18,159,225
Investment and interest income	-	15,186	171,247	186,433
Intergovernmental revenues	1,166,815	3,546,125	2,104,404	6,817,344
Miscellaneous	-	110,549	-	110,549
Total revenues	<u>1,166,815</u>	<u>21,831,085</u>	<u>3,657,368</u>	<u>26,655,268</u>
Expenditures:				
Current:				
Support and administrative operations	575,427	3,659,155	3,148,934	7,383,516
Capital outlay:				
Federal aid programs	-	17,492,802	-	17,492,802
Total expenditures	<u>575,427</u>	<u>21,151,957</u>	<u>3,148,934</u>	<u>24,876,318</u>
Excess (deficiency) of revenues over expenditures	<u>591,388</u>	<u>679,128</u>	<u>508,434</u>	<u>1,778,950</u>
Other Financing Sources (Uses):				
Transfer from/(to) other funds	<u>(591,389)</u>	<u>-</u>	<u>11,313</u>	<u>(580,076)</u>
Net change in fund balance	(1)	679,128	519,747	1,198,874
Fund Balance - beginning year	<u>454,447</u>	<u>297,830</u>	<u>2,870,571</u>	<u>3,622,848</u>
Fund Balance - end of year	<u><u>\$ 454,446</u></u>	<u><u>\$ 976,958</u></u>	<u><u>\$ 3,390,318</u></u>	<u><u>\$ 4,821,722</u></u>

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
JUNE 30, 2024

19

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

Net change in fund balance - total governmental funds		\$ 1,198,874
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.		(205,789)
Retirement contributions to defined benefit pension plans in the current fiscal year are not included on the statement of activities.		80,354
OPEB contributions to defined benefit OPEB plan in the current fiscal year are not included on the statement of activities.		2,396
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 changes in:		
Compensated absences	(791)	
Right-of-use lease liability	2,684	
Net pension asset	(71,462)	
Net other post-employment benefits asset	28,196	(41,373)
Change in net position of governmental activities		<u>\$ 1,034,462</u>

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2024

20

	State Rail
ASSETS	
Current assets	
Cash and cash equivalents	\$ 5,837,488
Receivables	109,888
Inventories	22,046
Due from other governmental entities	251,942
Total current assets	6,221,364
Noncurrent assets	
Capital assets	67,181,880
Accumulated depreciation	(30,725,089)
Total capital assets	36,456,791
Net pension asset	1,048
Net other post-employment benefits asset	22,601
Total noncurrent assets	36,480,440
Deferred outflows of resources	
Deferred outflows related to pension	63,152
Deferred outflows related to other post-employment benefits	16,470
Total deferred outflows of resources	79,622
Total assets and deferred outflows of resources	42,781,426
LIABILITIES	
Current liabilities	
Accounts payable	348,966
Accrued expenses	27,376
Due to other governmental entities	191,113
Compensated absences	28,974
Unearned revenue	3,364
Total current liabilities	599,793
Noncurrent liabilities	
Compensated absences	29,621
Unearned revenue	29,567
Total noncurrent liabilities	59,188
Total liabilities	658,981
Deferred inflows of resources	
Deferred inflows related to pension	16,510
Deferred inflows related to other post-employment benefits	31,490
Total deferred inflows of resources	48,000
Total liabilities and deferred inflows of resources	706,981
NET POSITION	
Net investment in capital assets	36,456,791
Restricted	55,271
Unrestricted	5,562,383
Total net position	42,074,445
Total liabilities, deferred inflows of resources, and net position	\$ 42,781,426

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, 2024

21

	State Rail
Operating revenues	
Freight	\$ 853,838
Miscellaneous	667,142
Total operating revenues	1,520,980
Depreciation expense	1,937,068
Other operating expenses	2,091,180
Total operating expenses	4,028,248
Operating income (loss)	(2,507,268)
Nonoperating revenues (expenses)	
Intergovernmental revenue	1,008,853
Investment income	295,746
Payments on behalf	(16,316)
Gain (loss) on disposition of assets	(172,588)
Total nonoperating revenues (expenses)	1,115,695
Excess (deficiency) of revenues over expenses before transfers	(1,391,573)
Transfer from other funds	580,076
Change in net position	(811,497)
Total net position - beginning	42,885,942
Total net position - ending	\$ 42,074,445

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, 2024

22

	<u>State Rail</u>
Cash flows from operating activities	
Cash received from customers and government	\$ 1,494,454
Cash paid to and on behalf of employees	(729,800)
Cash paid to suppliers and government	<u>(1,792,532)</u>
Net cash provided (used) by operating activities	<u>(1,027,878)</u>
Cash flows from noncapital financing activities	
Transfers in from State of West Virginia	1,631,261
Transfers in from other funds	<u>580,076</u>
Net cash provided (used) by noncapital financing activities	<u>2,211,337</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	<u>(1,688,267)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,688,267)</u>
Cash flows from investing activities	
Income on investments	<u>295,746</u>
Net cash provided (used) by investing activities	<u>295,746</u>
Increase (decrease) in cash and cash equivalents	(209,062)
Cash and cash equivalents, beginning of year	<u>6,046,550</u>
Cash and cash equivalents, end of year	<u><u>\$ 5,837,488</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (2,507,268)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	1,937,068
Other post-employment benefits expense - special funding situation	(16,316)
Changes in operating assets and liabilities:	
Receivables	(23,162)
Inventories	5,593
Deferred outflows	54,316
Accounts payable	28,511
Accrued expenses	(13,107)
Compensated absences	(19,591)
Due to other governmental entities	(378,506)
Unearned revenue	(3,364)
Net other post-employment benefits liability/asset	(36,008)
Net pension liability/asset	(42,769)
Deferred inflows	<u>(13,275)</u>
Net cash provided (used) by operating activities	<u><u>\$ (1,027,878)</u></u>

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, 2024

	Original Budget	Budget Amendments	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:					
Intergovernmental revenues	\$ 1,457,500	\$ -	\$ 1,457,500	\$ 1,166,815	\$ (290,685)
Total revenues	<u>1,457,500</u>	<u>-</u>	<u>1,457,500</u>	<u>1,166,815</u>	<u>(290,685)</u>
Expenditures:					
Current:					
Support and administrative operations	<u>1,457,500</u>	<u>-</u>	<u>1,457,500</u>	<u>575,427</u>	<u>882,073</u>
Total expenditures	<u>1,457,500</u>	<u>-</u>	<u>1,457,500</u>	<u>575,427</u>	<u>882,073</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,388</u>	<u>591,388</u>
Other Financing Sources (Uses):					
Transfer from/(to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(591,389)</u>	<u>(591,389)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>

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, 2024

	Original Budget	Budget Amendments	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:					
Federal aid	\$ 27,129,770	\$ -	\$ 27,129,770	\$ 18,159,225	\$ (8,970,545)
Investment and interest income	-	-	-	15,186	15,186
Intergovernmental revenues	5,398,389	-	5,398,389	3,546,125	(1,852,264)
Miscellaneous	-	-	-	110,549	110,549
Total revenues	<u>32,528,159</u>	<u>-</u>	<u>32,528,159</u>	<u>21,831,085</u>	<u>(10,697,074)</u>
Expenditures:					
Current:					
Support and administrative operations	13,919,321	-	13,919,321	3,659,155	10,260,166
Capital outlay:					
Federal aid programs	<u>17,106,138</u>	<u>-</u>	<u>17,106,138</u>	<u>17,492,802</u>	<u>(386,664)</u>
Total expenditures	<u>31,025,459</u>	<u>-</u>	<u>31,025,459</u>	<u>21,151,957</u>	<u>9,873,502</u>
Excess (deficiency) of revenues over expenditures	<u>1,502,700</u>	<u>-</u>	<u>1,502,700</u>	<u>679,128</u>	<u>(823,572)</u>
Net change in fund balance	<u>\$ 1,502,700</u>	<u>\$ -</u>	<u>\$ 1,502,700</u>	<u>\$ 679,128</u>	<u>\$ (823,572)</u>

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, 2024

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:					
Taxes:					
Aviation fuel	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 1,381,717	\$ (1,118,283)
Investment and interest income	-	-	-	171,247	171,247
Intergovernmental revenues	<u>2,331,626</u>	<u>-</u>	<u>2,331,626</u>	<u>2,104,404</u>	<u>(227,222)</u>
Total revenues	<u>4,831,626</u>	<u>-</u>	<u>4,831,626</u>	<u>3,657,368</u>	<u>(1,174,258)</u>
Expenditures:					
Current:					
Support and administrative operations	<u>4,731,726</u>	<u>-</u>	<u>4,731,726</u>	<u>3,148,934</u>	<u>1,582,792</u>
Total expenditures	<u>4,731,726</u>	<u>-</u>	<u>4,731,726</u>	<u>3,148,934</u>	<u>1,582,792</u>
Excess (deficiency) of revenues over expenditures	<u>99,900</u>	<u>-</u>	<u>99,900</u>	<u>508,434</u>	<u>408,534</u>
Other Financing Sources (Uses):					
Transfer from/(to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,313</u>	<u>11,313</u>
Net change in fund balance	<u>\$ 99,900</u>	<u>\$ -</u>	<u>\$ 99,900</u>	<u>\$ 519,747</u>	<u>\$ 419,847</u>

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.

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, 2024 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:

- 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.wvbt.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, 2024, 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 or due to net pension or other post-employment benefit assets.

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, 2024.

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, 2024.

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 implemented 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.

The Division implemented GASB 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 adoption of this statement did not have a significant impact on the Division's financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECENT STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD - 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.

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

GASB has also issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, (2) unusual or infrequent items, (3) proprietary fund statement of revenues, expenses, and changes in net position, (4) major component unit information, and (5) budgetary comparison information. The Division has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

NOTE 3 - CASH INVESTMENTS AND CASH EQUIVALENTS

The composition of cash and cash equivalents which are carried at amortized costs, was at June 30, 2024:

Cash on deposit with State Treasurer	\$ 827,838
Cash on deposit with State Treasurer invested in BTI (WV Money Market Pool)	7,670,877
Cash on deposit with State Treasurer invested in BTI (WV Short Term Bond Pool)	<u>2,469,675</u>
	<u>\$ 10,968,390</u>

NOTE 3 - CASH INVESTMENTS AND CASH EQUIVALENTS (Continued)

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, 2024, 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, six are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, WV Term Deposit Account, Loan 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, 2024, the WV Money Market Pool investment had a total carrying value of \$9,605,111 of which the Division's ownership represents .08%.

NOTE 3 - 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+	\$ 83,668	12.33%
U.S. agency collateralized mortgage obligations			
U.S. government guaranteed*	AA+	3,852	0.57
Non-U.S. government guaranteed	AA+	640	0.09
Corporate fixed- and floating-rate bonds and notes	AA+	6,029	0.88
	AA	3,628	0.54
	AA-	20,134	2.97
	A+	49,565	7.31
	A	70,165	10.35
	A-	84,265	12.43
	BBB+	57,510	8.48
	BBB	52,664	7.77
	BBB-	42,895	6.33
	BB+	3,509	0.52
	NR	9,403	1.39
Commercial mortgage-backed securities	NR	8,213	1.21
Municipal Securities	AAA	10,629	1.57
	AA+	1,577	0.23
	AA	5,874	0.87
	AA-	6,547	0.97
	A+	788	0.12
	NR	2,813	0.41
Asset-backed securities	AAA	104,860	15.47
	NR	41,557	6.13
Money market funds	AAAm	7,180	1.06
		<u>\$ 677,965</u>	<u>100.00%</u>

NR = Not Rated. Securities are not rated by Standard & Poor's but are rated by Moody's and/or Fitch.

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

At June 30, 2024, the Division's ownership represents .36% of amounts held by the BTI.

NOTE 3 - 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)
Commercial paper	\$ 7,263,293	36
Negotiable certificates of deposit	1,553,998	50
Repurchase agreements	785,000	3
Money market funds	2,820	3
	<u>\$ 9,605,111</u>	36

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, 2024, the effective duration of the benchmark was 664 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	\$ 83,668	734
U.S. Agency collateralized mortgage obligations	4,492	39
Corporate fixed-rate bonds and notes	387,992	723
Corporate floating-rate bonds and notes	11,775	-
Commercial mortgage-backed securities	8,213	153
Municipal securities	28,228	330
Asset-backed securities	146,417	579
Money market funds	7,180	-
	<u>\$ 677,965</u>	645

NOTE 3 - 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. The BTI does not have a deposit policy for custodial credit risk. BTI management does not believe any of its proprietary fund's deposits are exposed to custodial credit risk.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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NOTE 4 - CAPITAL ASSETS

Capital assets balances, and the activity for the year ended June 30, 2024 are summarized below:

Governmental Funds					
	July 1, 2023	Additions	Deletions	Reclassifications	June 30, 2024
Capital assets					
Rolling equipment	\$ 2,083,346	\$ -	\$ (25,456)	\$ -	\$ 2,057,890
Right-of-use assets	161,364	-	(161,364)	-	-
Total capital assets	<u>\$ 2,244,710</u>	<u>\$ -</u>	<u>\$ (186,820)</u>	<u>\$ -</u>	<u>\$ 2,057,890</u>
Accumulated depreciation/amortization					
Rolling equipment	\$ 1,614,487	\$ 180,333	\$ -	\$ -	\$ 1,794,820
Right-of-use assets	80,525	-	(80,525)	-	-
Total accumulated depreciation	<u>\$ 1,695,012</u>	<u>\$ 180,333</u>	<u>\$ (80,525)</u>	<u>\$ -</u>	<u>\$ 1,794,820</u>
Enterprise Fund					
	July 1, 2023	Additions	Deletions	Reclassifications	June 30, 2024
Capital assets					
Land	\$ 5,717,116	\$ -	\$ -	\$ 598,730	\$ 6,315,846
Land improvements	1,031,716	-	-	32,457	1,064,173
Buildings and improvements	2,514,532	-	-	-	2,514,532
Office equipment	9,604	-	-	-	9,604
Work equipment	2,057,854	1,312	-	-	2,059,166
Locomotives, freight, and passenger cars	4,108,092	-	(1,082)	49,850	4,156,860
Railroad infrastructure	62,674,294	1,779,693	(13,679,562)	(741,660)	50,032,765
Leasehold improvements	776,298	-	-	60,623	836,921
Construction in progress	284,751	192,013	(284,751)	-	192,013
Total capital assets	<u>\$ 79,174,257</u>	<u>\$ 1,973,018</u>	<u>\$ (13,965,395)</u>	<u>\$ -</u>	<u>\$ 67,181,880</u>
Accumulated depreciation/amortization					
Land improvements	\$ 531,164	\$ 60,063	\$ -	\$ 24,111	\$ 615,338
Buildings and improvements	536,037	27,983	-	-	564,020
Office equipment	9,604	-	-	-	9,604
Work equipment	1,801,807	58,707	-	-	1,860,514
Locomotives, freight, and passenger cars	2,853,625	146,190	(1,082)	49,850	3,048,583
Railroad infrastructure	36,422,351	1,620,234	(13,506,974)	(134,584)	24,401,027
Leasehold improvements	141,489	23,891	-	60,623	226,003
Total accumulated depreciation	<u>\$ 42,296,077</u>	<u>\$ 1,937,068</u>	<u>\$ (13,508,056)</u>	<u>\$ -</u>	<u>\$ 30,725,089</u>

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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NOTE 5 - NONCURRENT ASSETS

The following is a summary of the net pension (asset) liability and the net OPEB (asset) liability for the Division for the year ended June 30, 2024:

	July 1, 2023	Additions	Reductions	June 30, 2024
Net OPEB (asset) liability	\$ 23,358	\$ -	\$ (58,663)	\$ (35,305)
Net pension (asset) liability	101,844	-	(104,837)	(2,993)
Total noncurrent (asset) liability	<u>\$ 125,202</u>	<u>\$ -</u>	<u>\$ (163,500)</u>	<u>\$ (38,298)</u>

NOTE 6 - 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, 2024, the Division incurred payroll related expenditures of \$210,190 for employee health insurance benefits provided through the West Virginia Public Employees Insurance Agency, \$2,396 to RHBT for OPEB, and \$101,196 in employer matching contributions to the State Public Retirement System. The Division also paid the West Virginia Department of Highways \$144,329 for bridge inspections, engineering services, labor and materials. Additionally, \$198,592 was paid to the West Virginia Board of Risk and Insurance Management for insurance.

During the year ended June 30, 2024, the Division received transfers of \$7,826,197 in appropriated funds. A substantial decrease in this revenue or assistance would have a significant effect on the operations of the Division.

At June 30, 2024, the Division had amounts due from the State of West Virginia of \$739,900.

NOTE 7 - 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 8 - 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, 601 57th Street, Suite 5, Charleston, West Virginia 25304 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 8 - 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 9.0% for the year ended June 30, 2024. The employee contribution rate is 4.5% and 6.0% for Tier I and Tier II employees, respectively. The Division's contributions to the Plan, excluding the employees' contributions paid by the Division, were \$101,196 for the year ended June 30, 2024.

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

At June 30, 2024, the Division reported a liability (asset) of (\$2,993) for its proportionate share of the net pension liability (asset). The June 30, 2024 net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023.

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, 2023 measurement date, the Division's proportionate share was 0.066779%, which was a 0.001609% decrease from its proportion of 0.068388% measured as of June 30, 2022.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 - RETIREMENT PLAN (Continued)

For the year ended June 30, 2024, the Division recognized pension expense of \$106,020. At June 30, 2024, the Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 18,187	\$ -
Differences between expected and actual experience	25,349	-
Changes in assumptions	19,358	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	50,675	47,901
Contributions subsequent to the measurement date	101,196	-
	<u>\$ 214,765</u>	<u>\$ 47,901</u>

The Division reported \$101,196 as deferred outflows of resources related to pensions resulting from the Division's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2025. 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
2025	\$ (13,712)
2026	(68,135)
2027	161,975
2028	(14,460)
	<u>\$ 65,668</u>

Actuarial assumptions and methods - The total pension liability (asset) in the June 30, 2023 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 8 - 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, 2023 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, 2023 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, 2023 are summarized below:

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

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 8 - 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 than the current rate as of June 30, 2024.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension (asset) liability	\$ 620,404	\$ (2,993)	\$ (529,027)

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 9 - OTHER POSTEMPLOYMENT BENEFITS

As related to 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, 2024:

Net OPEB liability (asset)	(35,305)
Deferred outflows of resources	27,493
Deferred inflows of resources	67,648
Revenues	(25,486)
OPEB expense	(108,608)
Contributions made by the Division	2,396

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

NOTE 9 - OTHER POSTEMPLOYMENT 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.

Benefits Provided - The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rate related to the measurement date of June 30, 2023 was:

	2023
Paygo premium	\$ 70

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 9 - OTHER POSTEMPLOYMENT 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, 2024 were \$2,396.

Assumptions - The June 30, 2024 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2022 and a measurement date of June 30, 2023. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.50%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
- 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 Below Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females.
- Mortality pre-retirement: Pub-2010 General Below Median 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The actuarial valuation as of June 30, 2022 reflects updates to following healthcare related assumptions, which include:

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

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the 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 2.50% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon as of June 30, 2023 are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.2%
Hedge funds	10.0%	4.5%

Single discount rate - A single discount rate of 7.40% 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 7.40%. 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 9 - OTHER POSTEMPLOYMENT 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, 2024 calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate.

	<u>1% Decrease (6.40%)</u>	<u>Current Discount Rate (7.40%)</u>	<u>1% Increase (8.40%)</u>
Net OPEB (asset) liability	\$ (5,974)	\$ (35,305)	\$ (67,472)

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, 2024 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.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB (asset) liability	\$ (89,933)	\$ (35,305)	\$ 29,661

OPEB (Assets) Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB - The June 30, 2024 net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

At June 30, 2024, the Division's proportionate share of the net OPEB liability (asset) was (\$50,373). Of this amount, the Division recognized (\$35,305) as its proportionate share on the statement of net position. The remainder of (\$15,068) 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, 2023. Employer contributions are recognized when due. At the June 30, 2023 measurement date, the Division's proportionate share was 0.022309%, which was a .001322% increase from its proportion of 0.020987% calculated as of June 30, 2022.

For the year ended June 30, 2024, the Division recognized OPEB expense of \$(108,608). Of this amount, \$(83,122) was recognized as the Division's proportionate share of OPEB expense and \$(25,486) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	\$ -	\$ 20,550
Changes in proportion and difference between employer contributions and proportionate share of contributions	15,362	26,812
Net difference between projected and actual investments earnings	-	589
Changes in assumptions	9,735	19,697
Contributions subsequent to the measurement date	2,396	-
Total	<u>\$ 27,493</u>	<u>\$ 67,648</u>

The Division will recognize the \$2,396 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, 2025. 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
2025	\$ (34,692)
2026	(19,986)
2027	1,893
2028	10,234
	<u>\$ (42,551)</u>

Payables to the OPEB Plan - The Division did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2024.

NOTE 10 - 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 10 - COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

Various legal proceedings and claims related to the Division may occur from time to time. As of June 30, 2024, there were two open cases concerning slip and fall accidents. The claims are insured through BRIM and being handled by assigned outside counsel.

NOTE 11 - PUBLIC-PRIVATE PARTNERSHIP AGREEMENT

During fiscal year 2024, the Division entered into an exclusive, non-revocable franchise, right and license agreement with OmniTRAX SBVR, LLC (OmniTRAX) whereby OmniTRAX will operate the South Branch Railroad (Railroad) that is owned by the Division. The agreement continues until June 30, 2063. In addition, OmniTRAX has an option to purchase the Railroad that can be exercised after December 1, 2028. Throughout the term of the agreement, OmniTRAX will pay the Division \$25 per loaded railcar originated or terminated upon the Railroad as well as an annual fee of 5% of total gross revenue if the gross revenue for operations exceed \$2,500,000. The Railroad is included in the State Rail capital assets balance at a book value of \$36,456,791. In fiscal year 2024, \$33,093 of revenue was recognized in relation to the agreement.

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, 2024

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Government's proportion of the net pension liability (asset) (percentage)	0.07%	0.07%								
Government's proportionate share of the net pension liability (asset)	\$ (2,993)	\$ 101,844								
Government's covered payroll	\$ 1,178,711	\$ 1,383,223								
Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-0.25%	7.36%								
Plan fiduciary net position as a percentage of the total pension liability	100.05%	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.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2024

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 101,196	\$ 106,084								
Contributions in relation to the statutorily required contribution	<u>\$ (101,196)</u>	<u>\$ (106,084)</u>								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Government's covered payroll	\$ 1,124,400	\$ 1,178,711								
Contributions as a percentage of covered payroll	9.00%	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.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2024

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Government's proportion of the net OPEB liability (asset) (percentage)	0.02%	0.02%								
Government's proportionate share of the net OPEB liability (asset)	\$ (35,305)	\$ 23,358								
State's proportionate share of the net OPEB liability (asset)	<u>(15,068)</u>	<u>8,001</u>								
Total proportionate share of the net OPEB liability (asset)	<u>\$ (50,373)</u>	<u>\$ 31,359</u>								
Government's payroll (1)	\$ 1,636,994	\$ 1,383,223								
Government's proportionate share of the net OPEB liability (asset) as a percentage of its payroll (1)	-2.16%	1.69%								
Plan fiduciary net position as a percentage of the total OPEB liability	109.66%	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, 2024

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 2,396	\$ 21,813								
Contributions in relation to the statutorily required contribution	<u>\$ (2,396)</u>	<u>\$ (21,813)</u>								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Government's payroll (1)	\$ 1,509,235	\$ 1,636,994								
Contributions as a percentage of payroll (1)	0.16%	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.

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEAR ENDED JUNE 30, 2024

Actuarial Changes Pension Plan

An experience study for economic assumptions, which was based on the years 2015 through 2020, and an experience study for all other assumptions, which was based on the years 2013 through 2018, was approved by the Consolidated Public Retirement Board. As a result, valuation assumptions were changed as of June 30, 2023 to reflect the most recent experience study:

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

WEST VIRGINIA DIVISION OF MULTIMODAL TRANSPORTATION FACILITIES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2024

Actuarial Changes Other Postemployment Benefits Plan

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

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

ADDITIONAL INFORMATION

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, 2024, 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 15, 2024. 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 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, 2024, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

A handwritten signature in cursive script that reads "Suttle & Stalaker, PLLC".

Charleston, West Virginia
October 15, 2024