West Virginia Parkways Authority
(A Component Unit of the State of West Virginia)

Audited Financial Statements with
Other Financial Information

Years Ended June 30, 2023 and 2022

Suttle & Stalnaker | Certified Public Accountants

A Professional Limited Liability Company

WEST VIRGINIA PARKWAYS AUTHORITY
(A Component Unit of the State of West Virginia)

Audited Financial Statements
with Other Financial Information

Years Ended June 30, 2023 and 2022

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Suttle & Stalnaker PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the
West Virginia Parkways Authority
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the West Virginia Parkways Authority (the Authority), a component unit of the State of West Virginia, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years 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 Authority 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.

Change in Accounting Principle

As described in Note 3 to the financial statements, during fiscal year 2023, the Authority implemented Governmental Auditing Standards Board Statement (GASB) No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. Our opinion is not modified with respect to this matter.

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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.

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

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 Authority's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13, the schedule of proportionate share of the total pension liability (asset), schedule of pension contributions, schedule of proportionate share of net other post-employment benefits (OPEB) liability (asset), schedule of other post-employment benefits (OPEB) contributions and related notes on pages 53 through 59 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.

Other Information

Management is responsible for the other information included in the financial statements. The other information includes the revenue bond coverage schedule on page 63 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the State of West Virginia that is attributable to the transactions of the Authority. They do not purport to, and do not present fairly the financial position of the State of West Virginia, as of June 30, 2023 and 2022, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, on our consideration of the Authority'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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 12, 2023

The management of the West Virginia Parkways Authority (hereinafter referred to as the Authority) offers this narrative overview and analysis of the Authority's financial activities for the year ended June 30, 2023 which should be read in conjunction with the Authority's basic financial statements.

FINANCIAL HIGHLIGHTS

2023

- Toll revenues increased 1.1% because of the authorized automatic rate increase of approximately 5% which began January 1, 2022. Rates are scheduled to increase at a rate 1.6% per year becoming effective every third year. Also, the early enrollment period for the single fee discount plan ended December 31, 2021. Renewing patrons who had qualified for early enrollment owed the fee for the first time since 2020 and will now pay annually. Total truck transactions were down 0.5%, while passenger car transactions were up 1.1% including more normal traffic patterns with the completion of the Beckley widening project.

- Operating expenses increased by $12.3 million or 12.3% from 2022. Depreciation expense increased $5.5 million, maintenance expenses increased $3.9 million, and toll collection expenses increased $1.9 million.

- In 2023, capital spending on the Turnpike totaled $97.1 million.

2022

- Toll revenues increased 11.0% because of the authorized automatic rate increase of approximately 5% which began January 1, 2022. Rates are scheduled to increase at a rate 1.6% per year becoming effective every third year. Also, the early enrollment period for the single fee discount plan ended December 31, 2021. Renewing patrons who had qualified for early enrollment owed the fee for the first time since 2020 and will now pay annually. Further, Turnpike traffic continued to recover from the COVID-19 pandemic with total truck transactions up 3.9% and passenger car transactions up 10.3% including more normal traffic patterns as the Beckley widening project completes.

- Operating expenses increased by $1.2 million or 1.2% from 2021. Depreciation expense increases of $3.5 million were offset mainly by decreases in the valuation of the pension liability and OPEB liability during the current year.

- In 2022, capital spending on the Turnpike totaled $74.2 million including $14.8 million from the State under the "Roads to Prosperity" program.

Basic Financial Statements

The Authority accounts for its operations and financial transactions in a manner similar to that used by private business enterprises: the accrual basis of accounting. In these statements, revenue is recognized in the period in which it is earned, and an expense is recognized in the period in which it is incurred, regardless of the timing of its related cash flow.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. For each fiscal year, the Authority's basic financial statements are comprised of the following:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements

The Statements of Net Position present information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Increases or decreases in net position, over time, may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position present revenue and expense information and how the Authority's net position changed during the fiscal year as a result of these transactions.

The Statements of Cash Flows present sources and uses of cash for the fiscal year, displayed in the following categories: cash flows from operating activities, cash flows from noncapital and related financing activities, cash flows from capital and related financing activities, and cash flows from investing activities.

The Notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. They are an integral part of the basic financial statements.

FINANCIAL ANALYSIS

Operating Revenue

Toll revenues represent the major source of funding for the Authority. Passenger car traffic volume increased by 1.1% and large commercial traffic volume decreased by 0.5% during 2023. Passenger car toll revenues increased 1.6% and large commercial toll revenues increased by 0.8%. Total net toll revenues and other recoveries increased approximately $2.0 million or 1.13%.

CHANGES IN NET POSITION INFORMATION
(in Thousands)

	2023	2022	2021	Change '23 -'22
Revenues:				
Operating revenues:				
Toll revenues	$ 182,882	$ 180,843	$ 162,989	1.1%
Other revenues	5,967	5,612	4,273	6.3%
Nonoperating revenues:				
Investment gains (losses)	6,592	(2,254)	123	392.5%
Interest income – public-private partnerships	501	-	-	100.0%
Payments on behalf	(469)	(108)	168	334.3%
Total revenues	195,473	184,093	167,553	6.2%
Expenses:				
Operating expenses:				
Maintenance	27,990	24,111	26,179	16.1%
Toll collection	14,246	12,382	14,598	15.1%
Traffic enforcement and communications	4,037	3,909	3,508	3.3%
General and administrative	9,366	8,405	6,833	11.4%
Depreciation	56,927	51,463	47,991	10.6%
Nonoperating expenses:				
Interest expense	10,797	10,814	5,933	(0.2)%
Total expenses	123,363	111,084	105,042	11.1%
Change in net position before transfers	72,110	73,009	62,511	(1.2)%
Transfers out	-	-	(422,881)	0.0%
Transfers in	-	14,762	38,075	(100.0)%
Change in net position	72,110	87,771	(322,295)	(17.8)%
Net position, beginning of year	260,604	172,833	495,128	50.8%
Net position, end of year	$ 332,714	$ 260,604	$ 172,833	27.7%

On June 27, 2017 Senate Bill 1003 was enacted giving the Authority the ability to issue bonds for the purpose of funding infrastructure projects as defined in the statute. The legislation created a special revenue account known as the State Road Construction Account within the State Road Fund to be expended by the Division of Highways for construction, maintenance and repair of public highways and bridges in the state. The bill also included new authorizations, requirements and limitations on the Authority's electronic toll collection programs and discounts to the published cash rates. An unlimited use single annual fee discount program for passenger cars utilizing an Authority issued E-ZPass transponder is required under these new provisions.

The Authority issued Senior Lien Turnpike Toll Revenue Bonds Series 2018 in the amount of $166.37 million on August 15, 2018 and deposited $172 million to the State Road Construction account. The proceeds will be used to finance the costs of construction by the Division of Highways for transportation projects located not on the Turnpike but in counties adjacent to the Turnpike. The Division of Highways under its Roads to Prosperity Program designated the projects. Additionally, the Authority issued Senior Lien Turnpike Toll Revenue Bonds Series 2021 for $333.63 million on June 23, 2021 and deposited $422.88 million to the State Road Construction account.

As an additional part of the Roads to Prosperity Program, the Division of Highways completed a project to widen certain sections of the Turnpike north the I-77/I-64 interchange by adding an additional lane each way including widening eight bridges. The lane-widening project was mainly funded from proceeds of the State's General Obligation State Road Bonds, Series 2018 A and Series 2018 B except for project management expenses including contract administration and quality assurance that was paid by the Authority. Funding of this project by the Division of Highways eliminated a significant capital investment that otherwise would have been required of the Authority.

In conjunction with the issuance of 2018 Senior Lien Bonds, the adoption of the unlimited use single annual fee discount plan for passenger cars, and to provide for projected operation and maintenance expenses, renewal and replacement costs and capital needs and projected debt service on bonds to be issued under the indenture, the Authority adopted toll rate increases that became effective January 15, 2019. The new toll rate schedule increased the previous toll rates by 100% for all classes of vehicles except for vehicles eligible for the discount plan. In addition, the Authority authorized forward-looking automatic toll increases that began on January 1, 2022, equal to 1.6% per year.

Operating Expenses

For the year ended June 30, 2023, total operating expenses increased $12.3 million or 12.3%. Depreciation expense increased $5.5 million due to the increasing amount of infrastructure projects being placed in service. Other expenses increased mainly to an increase in the valuation of the pension liability and OPEB liability during the current year.

For the year ended June 30, 2022, total operating expenses increased $1.2 million or 1.2%. Depreciation expense increased $3.5 million due to the increasing amount of infrastructure projects being placed in service. Other expenses decreased due mainly to a decrease in the valuation of the pension liability and OPEB liability during the current year.

Non-operating Revenue and Expense

Interest expense decreased 0.2% in 2023 due to the decrease in outstanding debt. Interest expense increased 82.3% in 2022 due to the increase in outstanding debt. Net investment revenue has increased 392.5% for 2023 and decreased 1,932.5% in the prior year due to market conditions.

CONDENSED STATEMENTS OF NET POSITION INFORMATION
(in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2023	(Restated) 2022	2021	Change '23 - '22
Current assets	$ 278,920	$ 225,071	$ 241,326	23.9 %
Long-term investments	26,411	61,724	-	(57.2)%
Other long-term assets	31,977	11,153	-	186.7 %
Capital assets, net	616,981	576,811	554,051	7.0 %
Total assets	954,289	874,759	795,377	9.1 %
Deferred outflows	5,493	5,445	5,585	0.9 %
Total assets plus deferred outflows	$ 959,782	$ 880,204	$ 800,962	9.0 %
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current liabilities	$ 55,325	$ 38,255	$ 29,687	44.6 %
Long-term revenue bonds	544,396	564,747	584,891	(3.6)%
Other long-term liabilities	7,740	-	7,538	100.0 %
Total liabilities	607,461	603,002	622,116	0.7 %
Deferred inflows	19,607	16,598	6,013	18.1 %
Total liabilities plus deferred inflows	627,068	619,600	628,129	1.2 %
Net position:				
Net investment in capital assets	616,981	576,811	554,051	7.0 %
Restricted	265,135	247,598	196,829	7.1 %
Unrestricted	(549,402)	(563,805)	(578,047)	(2.6)%
Total net position	332,714	260,604	172,833	27.7 %
Total liabilities, deferred inflows and net position	$ 959,782	$ 880,204	$ 800,962	9.0 %

Assets

Total cash and current and long-term investments increased $17.5 million in the year ended June 30, 2023. Total cash and current and long-term investments increased $48.3 million in the year ended June 30, 2022. Cash is being reserved for future infrastructure projects including renovation of travel plazas.

For the year ended June 30, 2023, net capital assets increased $40.2 million with capital improvements of $97.1 million less depreciation expense of $56.9 million. For the year ended June 30, 2022, net capital assets increased $22.8 million with capital improvements of $74.2 million less depreciation expense of $51.5 million.

Liabilities

For the year ended June 30, 2023, total liabilities and deferred inflows of resources increased $7.5 million. Current liabilities increased due to increases to in-process billings from current infrastructure projects. Other long-term liabilities increased due to an increase in the pension liability and other post-employment benefits liability.

The Authority's credit ratings are among the best for similar facilities worldwide. The current agency ratings are as follows:

Agency	Rating
S&P Global Ratings	AA-
Fitch Ratings, Inc.	AA-

CAPITAL ASSETS

The Authority's capital assets consist of land, buildings, equipment and infrastructure. Infrastructure assets are typically items that are immovable such as highways and bridges. The Authority's investment in capital assets at June 30, 2023 amounted to approximately $1.665 billion of gross asset value with accumulated depreciation of approximately $1.048 billion, leaving a net book value of approximately $617 million. Capital assets represented 64.7% of the Authority's total assets and deferred outflows of resources at June 30, 2023. Additional information on the Authority's capital assets can be found in Note 6 to the financial statements.

LONG-TERM DEBT

In 2021, the Authority issued $333.6 million Senior Lien Turnpike Toll Revenue Bonds which are due in varying installments through June 2051. These bonds were issued to fund off-Turnpike parkways projects. $422.88 million was deposited into the State Road Construction Account for the designated projects.

In 2018, the Authority issued $166.4 million Senior Lien Turnpike Toll Revenue Bonds which are due in varying installments through June 2048. These bonds were issued to fund off-Turnpike parkway projects. $172 million was deposited into the State Road Construction Account for these purposes.

Additional information on the Authority's long-term liabilities activity can be found in Notes 9, 10, and 11 to the financial statements.

FACTORS IMPACTING FUTURE OPERATIONS

On June 27, 2017 Senate Bill 1003 was enacted giving the Authority the ability to issue bonds for the purpose of funding infrastructure projects as defined in the statute. The legislation created a special revenue account known as the State Road Construction Account within the State Road Fund to be expended by the Division of Highways for construction, maintenance and repair of public highways and bridges in the state. The bill also included new authorizations, requirements and limitations on the Authority's electronic toll collection programs and discounts to the published cash rates. An unlimited use single annual fee discount program for passenger cars utilizing an Authority issued E-ZPass transponder is required under these new provisions.

The Authority issued Senior Lien Turnpike Toll Revenue Bonds Series 2018 in the amount of $166.37 million on August 14, 2018 and deposited $172 million to the State Road Construction account. The Authority also issued Senior Lien Turnpike Toll Revenue Bonds Series 2021 in the amount of $333.63 million on June 23, 2021 and deposited $422.88 million to the State Road Construction account. The proceeds are being used to finance the costs of construction by the Division of Highways for transportation projects located not on the Turnpike but in counties adjacent to the Turnpike. The projects are from a list of projects to be constructed by the Division of Highways under its Roads to Prosperity Program.

As an additional part of the Roads to Prosperity Program, the Division of Highways is completed widening certain sections of the Turnpike north of the I-77/I-64 interchange by adding an additional lane over more than 5 miles each way as well as widening eight bridges and other improvements. The lane-widening project was mainly funded from proceeds of the State's General Obligation State Road Bonds, Series 2018 A and Series 2018 B except for project management expenses including contract administration and quality assurance that was paid by the Authority. Funding of this project by the Division of Highways eliminated a significant capital investment that otherwise would have been required of the Authority.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the West Virginia Parkways Authority, Director of Finance, P. O. Box 1469, Charleston, West Virginia 25325-1469.

WEST VIRGINIA PARKWAYS AUTHORITY
(A Component Unit of the State of West Virginia)
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022
(In Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2023	(Restated) 2022
Current assets:		
Cash and cash equivalents	$ 171,730	$ 139,209
Short-term investments	91,552	71,271
Accounts receivable	9,544	9,538
Interest receivable	501	-
Public-private partnership receivable, current	424	-
Inventory	4,823	4,683
Other	346	370
Total current assets	278,920	225,071
Noncurrent assets:		
Investments in securities maturing beyond one year	26,411	61,724
Due from West Virginia Division of Highways	5,575	-
Public-private partnership receivable, noncurrent	17,858	-
Prepayment on SBITAs	8,544	1,551
Total pension asset	-	9,484
Total OPEB asset	-	118
Capital assets, net	616,981	576,811
Total noncurrent assets	675,369	649,688
Total assets	954,289	874,759
Deferred outflows of resources:		
Deferred outflows related to pension	4,736	4,856
Deferred outflows related to OPEB	757	589
Total deferred outflows of resources	5,493	5,445
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable	35,482	17,617
Accrued interest payable	1,825	1,860
Customer deposits	3,606	3,178
Other accrued liabilities	4,135	5,752
Current portion of compensated absences	1,412	1,408
Current portion of long-term revenue bonds	8,865	8,440
Total current liabilities	55,325	38,255
Noncurrent liabilities:		
Noncurrent portion of long-term revenue bonds, net of unamortized premiums:		
Series 2018 revenue bonds	157,377	162,492
Series 2021 revenue bonds	387,019	402,255
	544,396	564,747
Other noncurrent liabilities	5,575	-
Total pension liability	1,740	-
Total OPEB liability	425	-
Total noncurrent liabilities	552,136	564,747
Total liabilities	607,461	603,002
Deferred inflows of resources:		
Deferred inflows related to pension	21	12,284
Deferred inflows related to OPEB	1,815	4,314
Deferred inflows related to public-private partnership	17,771	-
Total deferred inflows of resources	19,607	16,598
Total liabilities plus deferred inflows of resources	627,068	619,600
Net position:		
Net investment in capital assets	616,981	576,811
Restricted by trust indenture and tri-party agreement	262,160	245,543
Restricted for pension benefits	2,975	2,055
Unrestricted (deficit)	(549,402)	(563,805)
Total net position	$ 332,714	$ 260,604

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

WEST VIRGINIA PARKWAYS AUTHORITY

(A Component Unit of the State of West Virginia)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2023 AND 2022

(In Thousands)

	2023	(Restated) 2022
Operating revenues:		
Toll revenues	$ 182,882	$ 180,843
Other revenues	5,967	5,612
Total operating revenues	188,849	186,455
Operating expenses:		
Maintenance	27,990	24,111
Toll collection	14,246	12,382
Traffic enforcement and communications	4,037	3,909
General and administrative	9,366	8,405
Depreciation	56,927	51,463
Total operating expenses	112,566	100,270
Operating income	76,283	86,185
Nonoperating revenues (expenses):		
Interest expense	(10,797)	(10,814)
Investment gains (losses)	6,592	(2,254)
Interest income - public-private partnership	501	-
Payments on behalf	(469)	(108)
Nonoperating revenues (expenses), net	(4,173)	(13,176)
Change in net position before transfers	72,110	73,009
Transfers in	-	14,762
Change in net position	72,110	87,771
Net position, beginning of year	260,604	172,833
Net position, end of year	$ 332,714	$ 260,604

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

WEST VIRGINIA PARKWAYS AUTHORITY

(A Component Unit of the State of West Virginia)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

(In Thousands)

	2023	(Restated) 2022
Cash flows from operating activities:		
Cash received from customers and users	$ 188,766	$ 186,749
Cash paid to employees	(38,389)	(34,615)
Cash paid to suppliers	(20,216)	(16,348)
Net cash provided by operating activities	130,161	135,786
Cash flows from noncapital and related financing activities:		
Debt service for revenue bonds:		
Principal	(8,440)	(8,940)
Interest	(22,283)	(22,516)
Net cash used in noncapital and related financing activities	(30,723)	(31,456)
Cash flows from capital and related financing activities:		
Payments on prepaid SBITAs	(6,993)	(1,551)
Acquisition of property and equipment	(81,548)	(52,189)
Net cash used in capital and related financing activities	(88,541)	(53,740)
Cash flows from investing activities:		
Purchase of investments	(83,702)	(242,982)
Proceeds from sales and maturities of investments	98,734	196,781
Investment gains (losses)	6,592	(2,254)
Net cash provided by (used in) investing activities	21,624	(48,455)
Increase in cash and cash equivalents	32,521	2,135
Cash and cash equivalents, beginning of year	139,209	137,074
Cash and cash equivalents, end of year	$ 171,730	$ 139,209
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 76,283	$ 86,185
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	56,927	51,463
Other post-employment benefits expense - special funding situation	(469)	(108)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(6)	2,997
(Increase) decrease in public-private partnership receivable	(18,282)	-
(Increase) decrease in inventory	(140)	(223)
(Increase) decrease in other current assets	24	93
(Increase) decrease in due from West Virginia Division of Highways	(5,575)	-
(Increase) decrease in deferred outflows of resources	(48)	140
Increase (decrease) in accounts payable and other liabilities	1,096	1,795
Increase (decrease) in other noncurrent liabilities	5,575	-
Increase (decrease) in deferred inflows of resources	3,009	10,585
Increase (decrease) in total pension liability/asset	11,224	(15,252)
Increase (decrease) in total OPEB liability/asset	543	(1,889)
Net cash provided by operating activities	$ 130,161	$ 135,786
Non cash transaction		
Donated capital assets	$ -	$ 14,762

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

NOTE 1 - FINANCIAL REPORTING ENTITY

Effective July 1, 2010, the Authority's legal name was changed to the West Virginia Parkways Authority. The West Virginia Parkways Economic Development and Tourism Authority was created as the successor-in-interest to the West Virginia Turnpike Commission (the Turnpike Commission) by the West Virginia Legislature effective June 1, 1989. All the duties, powers, and functions of the Turnpike Commission were transferred to the Authority and the Authority assumed all assets, property, obligations, indebtedness, and other liabilities of the Turnpike Commission and personnel of the Turnpike Commission were transferred to the employment of the Authority. The Authority has the power to enact and amend its own operating budget, and receives no appropriations from the State of West Virginia (the State). The State's Governor or his designee serves as chairman of the Authority and the State's Secretary of Transportation serves as a board member. The other seven Authority members are appointed by the Governor with the approval of the Senate. As the State is able to impose its will over the Authority, the Authority is considered a component unit of the State and its financial statements are discretely presented in the annual comprehensive financial report of the State.

In evaluating how to define the Authority 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 generally accepted accounting principles. Generally accepted accounting principles define component units as those entities which are legally separate governmental organizations for which the appointed members of the Authority are financially accountable, or other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading. Since no such organizations exist which meet the above criteria, the Authority has no component units.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority is accounted for as a government entity engaged in business-type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting, using the flow of economic resources measurement focus. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The Authority is included in the State's basic financial statements as a business-type activity using the accrual basis of accounting. Because of the Authority's business-type activities, there may be differences between the amounts reported in these financial statements and the basic financial statements of the State as a result of major fund determination.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investment securities purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair value as determined by published sources and realized and unrealized gains or losses are reported in the statements of revenues, expenses, and changes in net position as a component of investment income.

Allowance for Doubtful Accounts

It is the Authority's policy to provide for future losses on uncollectible accounts based on an evaluation of the underlying accounts, the historical collectability experienced by the Authority on such balances and such other factors which, in the Authority's judgment, require consideration in estimating doubtful accounts.

As of June 30, 2023 and 2022, management believes that all accounts receivable will be collected; therefore, no allowance for doubtful accounts has been booked.

Public-Private Partnership Receivable

The Authority's public-private partnership (PPP) receivable is measured at the present value of the payments expected to be received during the PPP term. Under the PPP arrangement, the Authority may receive variable payments that are dependent upon the operator's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Inventory

Supplies inventory is reported at cost. Inventory held for resale is valued at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported at historical cost and include interest on funds borrowed to finance construction. Donated capital assets are recorded at acquisition value. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $30,000 for Turnpike activities and $2,500 for economic development activities and an estimated useful life in excess of one year. Contributed infrastructure assets are stated at the Department of Highways cost basis, adjusted for depreciation occurring from the date the assets were placed in service through the date of transfer of such assets to the Authority. Depreciation is computed using the straight-line method over the following estimated economic useful lives of the assets; buildings (30 years); equipment (5-10 years); and infrastructure (10-50 years).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflow of Resources

A deferred outflow of resources represent a consumption of net assets by the government that applies to future periods.

Compensated Absences

Employees fully vest in all earned but unused vacation and the Authority accrues for obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Authority participates in another post-employment benefit plan (see Note 11).

Pensions

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

Other Post-Employment Benefit (OPEB) Liability (Asset)

For purposes of measuring the total OPEB liability (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. See Note 11 for further discussion.

Customer Deposits

Customer deposits consist of prepaid deposits made by personal and commercial customers into E-ZPass® toll collection accounts held by the Authority. Deposits are refundable upon request.

Bond Premiums

Bond premiums are being amortized over the varying terms of the bonds issued. Amortization of the premium is charged to interest expense using the effective interest rate method.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net investment in capital assets consists of all capital assets less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is restricted when there are legal limitations imposed on their use by legislation or external restrictions by other governments, creditors, or grantors. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

Restricted net position consists of amounts restricted by trust indenture and the tri-party agreement that can only be used for maintenance and operation of the Turnpike and for debt service.

Deferred Inflow of Resources

A deferred inflow of resources represent an acquisition of net assets by the government that applies to future periods.

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods. Revenues and expenses related to capital and related financing, non-capital financing, or investing activities are not included as operating revenues and expenses. Other items not meeting these definitions are reported as nonoperating revenues and expenses.

Other Revenues

Other revenues primarily consist of concession sales at the travel centers on the West Virginia Turnpike and craft and food sales at the Caperton Center (also known as TAMARACK-*The Best of West Virginia*). The amount of sales reported is net of costs of goods sold. The related general and administrative expenses are included under operating expenses in the statements of revenues, expenses, and changes in net position.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform with the 2023 presentation. Such reclassifications had no effect on the 2022 net position or changes in net position.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Statements Issued by GASB

The Authority implemented GASB Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. The requirements of this Statement eliminate the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity or inconsistency. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The adoption of GASB Statement No. 91 did not have a significant impact on the financial statements.

The Authority also implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish the definitions of PPPs and APAs and provide uniform guidance on accounting and financial reporting for transactions that meet those definitions, but are outside of the scope of Lease or Service Concession Arrangement Guidance. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will require governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The adoption of GASB Statement No. 94 resulted in the recognition of current and noncurrent PPP receivable and deferred inflows of resources related to PPPs. See additional information in notes 3 and 8.

The Authority also implemented GASB No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement establish a definition for SBITA, which is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Generally, this Statement will require a government to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The Statement also establishes guidance for the treatment of costs related to SBITA activities other than subscription payments. Those activities are: Preliminary Project Stage, Initial Implementation Stage, and Operation and Additional Implementation Stage. This Statement also requires a government to disclose essential information about the arrangement such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability. The adoption of GASB Statement No. 96 resulted in a prepayment on SBITAs. See additional information in notes 3 and 7.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority also 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, and the Authority has not yet determined the effect of the remaining provisions.

Recent Statements Issued by GASB

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

During fiscal year 2023, the Authority implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs).* It establishes requirements for arrangements in which a government (transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. As applicable, a transferor should recognize an underlying PPP asset, a PPP receivable for installment payments, and deferred inflow of resources. The implementation of GASB Statement No. 94 had no effect on the fiscal year ended June 30, 2022 financial statements since the Authority did not enter into any PPP arrangements until fiscal year 2023.

During fiscal year 2023, the Authority also implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. It establishes requirements for SBITA accounting based on the principle that SBITAs are financings of the right to use an underlying asset. A lessee is required to recognize a subscription liability and an intangible right-to-use subscription asset. Prepayments before the commencement of the subscription term associated with the SBITA contract made to the SBITA vendor, as well as payments made for the capitalizable initial implementation costs before the commencement of the subscription term, should be reported as a prepayment. The financial statements for the prior period have been restated to reflect the implementation as of July 1, 2021. The implementation had no impact on beginning net position for fiscal year 2022 since the prepayment on the SBITA was previously recorded in capital assets and the subscription term had not begun for any of the Authority’s SBITAs.

(In thousands)

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT (Continued)

The implementation of GASB Statement No. 96 had the following effect on the fiscal year ended June 30, 2022:

From the Statement of Net Position	As Previously Reported	7/1/2021 Adjustment Plus Restatement	Restated
Prepayment on SBITAs	$ -	$ 1,551	$ 1,551
Capital assets, net	578,362	(1,551)	576,811
Net investment in capital assets	578,362	(1,551)	576,811
Unrestricted (deficit)	(565,356)	1,551	(563,805)

NOTE 4 - DEPOSITS AND INVESTMENTS

All of the Authority's cash on hand is held with outside bank accounts and the West Virginia State Treasurer's Office, totaling approximately $171,730 and $139,209 in 2023 and 2022, respectively.

A reconciliation of the investments disclosed in this note to the amounts reported in the statements of net position is as follows:

	June 30, 2023	
As disclosed in this Note:		
Total deposits with outside banks	$ 166,057	
Total WV State Treasurer's Office	5,673	
Total WV Short Term Bond Pool	3,575	
Total other investments	114,388	
		$ 289,693
As reported on the Statement of Net Position:		
Cash and cash equivalents	171,730	
Short-term investments	91,552	
Investments in securities maturing beyond one year	26,411	
		$ 289,693

(In thousands)

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

	June 30, 2022	
As disclosed in this Note:		
Total deposits with outside banks	$ 133,651	
Total WV State Treasurer's Office	5,558	
Total WV Short Term Bond Pool	3,514	
Total other investments	129,481	
		$ 272,204
As reported on the Statement of Net Position:		
Cash and cash equivalents	139,209	
Short-term investments	71,271	
Investments in securities maturing beyond one year	61,724	
		$ 272,204

Investment securities are allocated at June 30, 2023 and 2022, among the following restricted and designated accounts created under the various Trust Indentures or by the adoption of Authority resolution:

	June 30	
	2023	2022
Restricted and designated assets:		
Assets restricted by 2018 trust indenture		
Turnpike Capital Improvement Fund	$ 195,783	$ 180,744
Renewal and Replacement Reserve Fund	22,615	20,571
Operating and Maintenance Reserve Account	8,825	8,303
Senior Lien Debt Service Reserve Fund	31,676	30,644
Series 2018 Interest and Principal Accounts	1,106	1,773
Series 2022 Interest and Principal Accounts	2,156	3,509
Other Restrictions		
Insurance liability	1,000	1,000
Patron account	3,606	3,178
Total restricted	266,767	249,722
Non toll revenue fund	6,277	5,514
Total restricted and designated assets as allocated by trust indentures	$ 273,044	$ 255,236

(In thousands)

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

The assets restricted by the 2018 Master Trust Indenture, as supplemented, must be used for Turnpike capital costs, renewal and replacement costs, operation and maintenance expenses, and debt service. The Trust Indentures require that the balance in the Senior Lien Debt Service Reserve Fund equal maximum annual debt service for such bonds. The balance in the 2018 and 2021 Interest and Principal Accounts are required by the Trust Indentures to have a balance equal to accrued debt service for the current year plus one-twelfth of the debt service which will accrue in the next succeeding fiscal year. The Trust Indentures also require that a reserve be established for Renewal and Replacement that equals the consulting engineer's recommendations for the year. The Operations and Maintenance Account is required by the Trust Indentures to maintain a balance equal to one-sixth of budgeted operating expenses for the fiscal year.

The Reserve Revenue Account, restricted by the Tri-Party Agreement dated June 2018 among the West Virginia Department of Transportation, the Federal Highway Administration, and the Authority, can only be used for maintenance and operation of the Turnpike and for debt service.

The Insurance Liability account is a self-insured fund that covers the Authority against risk of loss from natural disaster, among other items, and is designated as the Authority's percentage of contribution in the event of a disaster.

The Non Toll Revenue Fund is designated to be used for Non Turnpike activities. This balance is included in unrestricted net position on the Statements of Net Position.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All of the Authority's investments are subject to interest rate risk. As a means of limiting its exposure to fair value losses resulting from rising interest rates, the Authority's investment policies limit individual securities in the Authority's investment portfolio to remaining maturities of less than five years and the weighted dollar average maturity is capped at three years. As of June 30, 2023 and 2022, respectively, the Authority had the following investments and maturities (in years):

	2023				
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	10+
Government agency bonds	$ 83,560	$ 78,764	$ 4,796	$ -	$ -
Corporate bonds	3,575	3,575	-	-	-
U.S. Treasury bills	30,828	30,828	-	-	-
	$ 117,963	$ 113,167	$ 4,796	$ -	$ -

	2022				
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	10+
Government agency bonds	$ 129,481	$ 124,190	$ 5,291	$ -	$ -
Corporate bonds	3,514	3,514	-	-	-
	$ 132,995	$ 127,704	$ 5,291	$ -	$ -

(In thousands)

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's cash deposits with financial institutions were $166,057 and $133,651 at June 30, 2023 and 2022, respectively. These deposits, which had a bank balance of $165,969 and $133,202, respectively, are insured by the Federal Deposit Insurance Corporation and/or collateralized with securities held in the Authority's name by its agent.

As of June 30, 2023, the Authority had investment balances with the following issuers which were greater than or equal to 5% of the Authority's total investment balance:

Security Type	Issuer	Percentage of Investments
Government agency bonds	Federal Home Loan Banks	10%

As of June 30, 2022, the Authority did not have any investment balances with the any issuers which were greater than or equal to 5% of the Authority's total investment balance.

Custodial credit risk - Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. None of the Authority's investments contain nonnegotiable certificates of deposit.

Foreign currency risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Authority does not hold any foreign currency or hold any interests in foreign currency.

BTI DISCLOSURE INFORMATION

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.

(In thousands)

NOTE 4 - DEPOSITS AND INVESTMENTS (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 to 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:

		June 30, 2023	
Security Type	Rating	Carrying Value	Percent of Pool Assets
U.S. Treasury notes*	AA+	$ 139,870	19.94%
U.S. government agency bonds	AA+	2,351	0.34
U.S. agency collateralized mortgage obligations			
U.S. government guaranteed*	AA+	7,288	1.04
Non- U.S. government guaranteed	AA+	864	0.12
Corporate fixed- and floating-rate bonds and notes	AAA	5,776	0.82
	AA+	5,220	0.74
	AA	6,279	0.90
	AA-	17,640	2.51
	A+	51,316	7.32
	A	57,546	8.20
	A-	103,749	14.81
	BBB+	44,723	6.37
	BBB	21,770	3.10
	BBB-	41,697	5.94
	BB+	3,505	0.50
	NR	11,189	1.59
Collateralized mortgage obligations	AAA	3,071	0.44
	NR	10,606	1.51
Municipal Securities	AAA	9,010	1.28
	AA+	12,571	1.79
	AA	11,095	1.58
	AA-	7,693	1.10
	NR	2,764	0.39
Asset-backed securities	AAA	97,491	13.90
	NR	17,814	2.54
Money market funds	AAAm	8,652	1.23
		$ 701,550	100.00%

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

(In thousands)

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

		June 30, 2022	
Security Type	Rating	Carrying Value	Percent of Pool Assets
U.S. Treasury notes*	AA+	$ 89,910	13.03%
U.S. government agency bonds	AA+	2,403	0.34
U.S. agency collateralized mortgage obligations			
U.S. government guaranteed*	AA+	10,577	1.53
Non- U.S. government guaranteed	AA+	2,732	0.40
Corporate fixed- and floating-rate bonds and notes	AAA	3,421	0.50
	AA+	1,983	0.29
	AA	3,077	0.45
	AA-	22,231	3.22
	A+	57,764	8.37
	A	58,155	8.43
	A-	90,582	13.13
	BBB+	61,433	8.90
	BBB	35,313	5.12
	BBB-	44,896	6.51
	NR	24,283	3.52
Collateralized mortgage obligations	AAA	3,126	0.45
	NR	15,296	2.22
Municipal Securities	AAA	7,713	1.12
	AA+	12,362	1.79
	AA	7,262	1.05
	AA-	2,179	0.32
	A	2,469	0.36
	NR	4,279	0.62
Asset-backed securities	AAA	94,217	13.66
	NR	26,361	3.82
Money market funds	AAAm	5,856	0.85
		$ 689,880	100.00%

NR = Not Rated

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

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2023 and 2022, the Authority ownership of approximately $3,575 represents 0.5% and ownership of approximately $3,514 represents 0.5%, respectively, of these amounts held by the BTI.

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

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

	2023		2022	
Security Type	Carrying Value (In Thousands)	Effective Duration (Days)	Carrying Value (In Thousands)	Effective Duration (Days)
Corporate fixed-rate bonds and notes	$ 355,045	660	$ 369,328	657
Corporate floating-rate bonds and notes	15,365	(39)	33,810	(19)
Collateralized mortgage obligations	13,677	346	18,422	585
U.S. Treasury notes	139,870	709	89,910	816
U.S. government agency bonds	2,351	530	2,403	815
U.S. agency collateralized mortgage obligations	8,152	63	13,309	75
Municipal securities	43,133	374	36,264	433
Asset-backed securities	115,305	618	120,578	474
Money market funds	8,652	-	5,856	-
	$ 701,550	609	$ 689,880	584

Other Investment Risks - Other risks of investing 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.

(In thousands)

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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.

NOTE 5 - FAIR VALUE MEASUREMENTS

The Authority uses fair value measurements of certain assets and liabilities to record fair value adjustments and to determine fair value disclosures. Professional standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 is defined as observable inputs such as quoted prices in active markets for identical assets or liabilities or the publicly available amount at which the asset or liability can be redeemed. Level 1 assets include the Authority's bond investments.

- Level 2 is defined as observable inputs other than Level 1 prices. These include quoted prices for similar assets or liabilities in an active market, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Fair values of assets measured on a recurring basis at December 31, are as follows:

Fair Value Measurements at Reporting Date Using

June 30, 2023	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government agency bonds	$ 83,560	$ 83,560	$ -	$ -
Corporate bonds	3,575	3,575		
U.S. Treasury bills	30,828	30,828	-	-
Total investments at fair value	$ 117,963	$ 117,963	$ -	$ -

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NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2022	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government agency bonds	$ 129,481	$ 129,481	$ -	$ -
Corporate bonds	3,514	3,514	-	-
Total investments at fair value	$ 132,995	$ 132,995	$ -	$ -

NOTE 6 - CAPITAL ASSETS

A summary of capital assets at June 30 follows:

2023	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 53,247	$ -	$ -	$ 53,247
Construction in process	113,962	-	(113,962)	-
Total non-depreciable capital assets	167,209	-	(113,962)	53,247
Capital assets, depreciable:				
Buildings	110,526	21,631	-	132,157
Equipment	32,044	1,471	-	33,515
Infrastructure	1,258,353	187,957	-	1,446,310
Total capital assets being depreciated	1,400,923	211,059	-	1,611,982
Less accumulated depreciation for:				
Buildings	(91,988)	(2,350)	-	(94,338)
Equipment	(19,804)	(2,261)	-	(22,065)
Infrastructure	(879,529)	(52,316)	-	(931,845)
Total accumulated depreciation	(991,321)	(56,927)	-	(1,048,248)
Total depreciable capital assets, net	409,602	154,132	-	563,734
Total capital assets, net	$ 576,811	$ 154,132	$ (113,962)	$ 616,981

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NOTE 6 - CAPITAL ASSETS (Continued)

(Restated) 2022	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 53,247	$ -	$ -	$ 53,247
Construction in process	99,200	14,762	-	113,962
Total non-depreciable capital assets	152,447	14,762	-	167,209
Capital assets, depreciable:				
Buildings	108,239	2,287	-	110,526
Equipment*	29,591	2,453	-	32,044
Infrastructure	1,203,632	54,721	-	1,258,353
Total capital assets being depreciated	1,341,462	59,461	-	1,400,923
Less accumulated depreciation for:				
Buildings	(89,702)	(2,286)	-	(91,988)
Equipment	(17,841)	(1,963)	-	(19,804)
Infrastructure	(832,315)	(47,214)	-	(879,529)
Total accumulated depreciation	(939,858)	(51,463)	-	(991,321)
Total depreciable capital assets, net	401,604	7,998	-	409,602
Total capital assets, net	$ 554,051	$ 22,760	$ -	$ 576,811

*The Authority adopted the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption resulting in $1,551 being removed from equipment additions and recorded as a prepayment on SBITAs.

There was no interest cost capitalized during the years ended June 30, 2023 and 2022, respectively.

NOTE 7 - SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

In fiscal year 2022, the Authority has entered into a noncancelable SBITA. During the fiscal years ended June 30, 2023 and 2022, the Authority incurred initial implementation costs of $6,993 and $1,551, respectively. The subscription term has not yet begun and as a result, there is no subscription asset or liability recorded as of June 30, 2023 or 2022. Upon commencement of the subscription in fiscal year 2024, the prepayment on the SBITA will be reclassified as an addition to the subscription asset and amortized over the noncancelable subscription term of ten years.

(In thousands)

NOTE 8 - PUBLIC-PRIVATE PARTNERSHIP ARRANGEMENTS

During the fiscal year ended June 30, 2023, the Authority (transferor) entered into a lease and operation agreement with Areas USA WVTP, LLC (operator). The agreement was determined to be a PPP and has four separate PPP components. The PPP arrangement began on February 1, 2023 and ends on December 31, 2037. The PPP arrangement provides for a guaranteed base rent, which is increased over the term of the contract. Guaranteed monthly installment payments range from $6 to $120. Variable payments are based on the percentage of sales for food, beverages, and retail and are only received if the percentage-based rent exceeds the guaranteed-base rent. Since the variable payments are not fixed in substance, such payments are excluded as a component of the PPP receivable. The Authority has determined the net present value of PPP receipts based on an estimated interest rate of 6.50% based on market conditions at the commencement of the PPP arrangement.

Under the PPP arrangement, the operator has committed to invest in improvements to three of the PPP assets owned by the Authority. As of June 30, 2023, construction is currently in progress to improve two travel plazas. Construction is expected to commence on the third travel plaza in fiscal year 2025. The value of the improvements will be capitalized to the PPP asset when the improvements are placed into service. At the end of the PPP arrangement, the Authority will retain ownership of all travel plazas and improvements.

At June 30, 2023, the Authority's total PPP receivable and deferred inflows of resources related to the PPP was $18,282 and $17,771, respectively. For the year ended June 30, 2023, the Authority recognized PPP revenue of $511, which is included in other revenues on the statement of revenues, expenses, and changes in net position. Interest income related to the PPP totaled $501 for the year ended June 30, 2023. Variable payments not included as a component of the PPP receivable were $52 for the year ended June 30, 2023.

NOTE 9 - REVENUE BONDS PAYABLE

Revenue bonds payable consisted of the following at June 30:

	2023	2022
Series 2021 Senior Lien Turnpike Toll Revenue Bonds, issued $333,630 in June 2021 at 4.00% to 5.00%, due in varying installments from June 2023 through June 2051	$ 322,245	$ 327,615
Series 2018 Senior Lien Turnpike Toll Revenue Bonds, issued $166,370 in August 2018 at 3.75% to 5.00%, due in varying installments from June 2019 through June 2048	152,110	155,180
Total revenue bonds payable	474,355	482,795
Add:		
Unamortized premium	78,906	90,392
Less:		
Current portion of revenue bonds payable	(8,865)	(8,440)
Total long term revenue bonds payable	$ 544,396	$ 564,747

NOTE 9 - REVENUE BONDS PAYABLE (Continued)

The Revenue Bonds under the 2018 and 2021 Trust Indentures are secured by a pledge of the Authority's toll revenues and all monies deposited into accounts created by the Trust Indentures. Total debt service was $30,759, $30,764, and $10,282, for the years ended June 30, 2023, 2022, and 2021, respectively. Total net pledged revenues were approximately $141,757, $136,028, and $117,988, which represents 460.86%, 442.17%, and 1,147.52% of the total debt service, respectively, for the years ended June 30, 2023, 2022, and 2021.

In accordance with West Virginia Law and the Authority's Master Trust Indenture dated August 1, 2018, the Authority has issued Series 2018 and 2021 Senior Lien revenue bonds payable solely from, and secured solely by a first lien on and pledge of the Trust Estate, consisting of Net Toll Road Revenues, amounts on deposit in certain Funds and Accounts created pursuant to and pledged by the Indenture and other property conveyed, pledged, assigned or transferred as and for additional security. Toll Road Revenues include tolls, certain interest income, insurance proceeds, condemnation awards, other amounts derived from or with respect to the operation of the Turnpike, and other additional revenues added to the Turnpike. Concession revenues and other revenues derived from the operation or use of service plazas, tourist information centers including Tamarack are excluded from Toll Road Revenues.

Under the terms of the Trust Agreement, the Authority covenants to establish, charge and collect tolls for the privilege of traveling on the Turnpike at rates sufficient in each fiscal year to meet operation and maintenance expenses and produce net toll road revenues of at least 125% of the annual debt service with respect to the Series 2018 Senior Lien Bonds and Series 2021 Senior Lien Bonds and 100% of the sum of required annual debt service plus the renewal and replacement reserve fund requirement.

The Authority will uphold the Senior Lien Debt Service Reserve Fund Requirement which is to maintain a fund equal to the maximum annual debt service on the Series 2018 Senior Lien Bonds. The Authority has covenanted to maintain funds in its Operation and Maintenance Fund equal to one-sixth of the amount recommended by its Consulting Engineers as the operation and maintenance expenses for its current fiscal year as included in the Authority's annual budget. Also, the Authority will fund its Renewal and Replacement Reserve Fund Requirement in an annual amount equal to the amount recommended by its Consulting Engineers as the Renewal and Replacement Costs for its current fiscal year as included in the Authority's annual budget.

The Authority has covenanted, at all times, to operate or cause the Turnpike to be operated, in an efficient manner and at a reasonable cost, to maintain, preserve and keep, or cause to be maintained preserved and kept, in good repair, working order and condition, and that its consulting Engineers shall make a physical examination and inspection of the Turnpike each year and submit an annual report regarding the condition of the Turnpike and whether compliance with covenants under the Indenture related to the efficient management and maintenance of the Turnpike has been maintained.

In August 2018, the Authority issued $166.4 million Senior Lien Turnpike Toll Revenue Bonds which are due in varying installments through June 2048. These bonds were issued to fund off-Turnpike parkway projects. $172 million was deposited into the State Road Construction Account for these purposes.

(In thousands)

NOTE 9 - REVENUE BONDS PAYABLE (Continued)

In June 2021, the Authority issued $333.6 million Senior Lien Turnpike Toll Revenue Bonds which are due in varying installments through June 2051. These bonds were issued to fund off-Turnpike parkways projects. $422.88 million was deposited into the State Road Construction Account for the designated projects.

Bonds Payable Progression and Maturities

The following schedule summarizes the revenue bonds outstanding as of June 30:

2023	Beginning Balance	Additions	Retired	Amortization	Ending Balance	Due Within One Year
Series 2018	$ 165,562	$ -	$ (3,070)	$ (1,890)	$ 160,602	$ 3,225
Series 2021	407,625	-	(5,370)	(9,596)	392,659	5,640
	$ 573,187	$ -	$ (8,440)	$ (11,486)	$ 553,261	$ 8,865

2022	Beginning Balance	Additions	Retired	Amortization	Ending Balance	Due Within One Year
Series 2018	$ 170,198	$ -	$ (2,925)	$ (1,711)	$ 165,562	$ 3,070
Series 2021	423,633	-	(6,015)	(9,993)	407,625	5,370
	$ 593,831	$ -	$ (8,940)	$ (11,704)	$ 573,187	$ 8,440

Debt service requirements for the Revenue Bonds subsequent to June 30, 2023, are as follows:

Year Ending June 30,	Principal Maturities	Interest	Total
2024	$ 8,865	$ 21,897	$ 30,762
2025	9,305	21,454	30,759
2026	9,775	20,988	30,763
2027	10,260	20,500	30,760
2028	10,775	19,986	30,761
2029 – 2033	62,510	91,292	153,802
2034 – 2038	79,780	74,021	153,801
2039 – 2043	100,800	52,997	153,797
2044 – 2048	125,455	28,341	153,796
2049 – 2051	56,830	4,606	61,436
Total	$ 474,355	$ 356,082	$ 830,437

(In thousands)

NOTE 9 - REVENUE BONDS PAYABLE (Continued)

Principal outstanding June 30, 2023	$ 474,355
Add:	
Unamortized premium	78,906
Less:	
Current portion of revenue bonds payable	(8,865)
Long-term portion	$ 544,396

The Revenue Bonds are subject to the arbitrage rebate provisions of the Internal Revenue Code (the Code). The Code requires that 90% of excess investment earnings on the Bond proceeds be paid to the Internal Revenue Service every five years in order for the Bonds to maintain their tax-exempt status. At June 30, 2023 and 2022, the Authority's estimated arbitrage rebate liability recorded as other noncurrent liabilities was $5,575 and $0, respectively.

NOTE 10 - PENSION PLAN

Plan Description

The Authority 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 at www.wvretirement.com.

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.

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 or, if the employee has less than three years of credited service, the average of the annual rate of compensation received by the employee during the total years of credited service. 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.

NOTE 10 - PENSION PLAN (Continued)

Tier II: Employees who retire at or after age 62 with ten or more years of credited service 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%, 10%, and 10% for the years ended June 30, 2023, 2022, and 2021, respectively. The employee contribution rate is 4.5% and 6.0% for Tier I and Tier II employees, respectively. The Authority's contribution to the Plan, excluding the employee's contribution paid by the covered employees, approximated $1,864, $1,932, and $1,765 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively.

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

At June 30, 2023 and 2022, the Authority reported a liability (asset) of $1,740 and $(9,484), respectively, for its proportionate share of the total pension liability (asset). The June 30, 2023 total pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the total pension liability (asset) was determined by an actuarial valuation as of July 1, 2021, rolled forward to the measurement date of June 30, 2022. The June 30, 2022 total pension liability (asset) was measured as of June 30, 2021 and the total pension liability (asset) used to calculate the total pension liability (asset) was determined by an actuarial valuation as of July 1, 2020, rolled forward to the measurement date of June 30, 2021. The Authority's proportion of the total pension liability (asset) was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2022 measurement date, the Authority's proportionate share was 1.17%, which was an increase of 0.09% from its proportionate share measured as of June 30, 2021. At the June 30, 2021 measurement date, the Authority's proportionate share was 1.08%, which was a decrease of 0.01% from its proportionate share measured as of June 30, 2020.

(In thousands)

NOTE 10 - PENSION PLAN (Continued)

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense of $903 and $(1,807), respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 1,049	$ -
Difference between expected and actual experience	668	-
Changes of assumptions	1,145	-
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	10	21
Authority's contributions subsequent to the measurement date	1,864	-
Total	$ 4,736	$ 21

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 12,147
Difference between expected and actual experience	1,083	36
Changes of assumptions	1,804	77
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	37	24
Authority's contributions subsequent to the measurement date	1,932	-
Total	$ 4,856	$ 12,284

(In thousands)

NOTE 10 - PENSION PLAN (Continued)

The Authority reported $1,864 as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date that will be recognized as a reduction of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2024	$	1,522
2025		(211)
2026		(1,020)
2027		2,560
	$	2,851

Actuarial assumptions and methods - The total pension liability (asset) in the June 30, 2022 and 2021 actuarial valuations 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

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

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

(In thousands)

NOTE 10 - PENSION PLAN (Continued)

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 future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and best estimates of long-term geometric rates of return for each major asset class as of June 30, 2022 and 2021, are summarized below:

June 30, 2022

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

June 30, 2021

Asset Class	Target Allocation	Long-term Expected Real Return
Domestic equity	27.5%	5.5%
International equity	27.5%	7.0%
Fixed income	15.0%	2.2%
Real estate	10.0%	6.6%
Private equity	10.0%	8.5%
Hedge funds	10.0%	4.0%

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.

(In thousands)

NOTE 10 - PENSION PLAN (Continued)

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

	1% Decrease	Discount Rate	1% Increase
Total pension liability (asset) 2023	$ 12,309	$ 1,740	$ (7,307)
Total pension liability (asset) 2022	$ 108	$ (9,484)	$ (17,580)

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 the Consolidated Public Retirement Board's website at www.wvretirement.com.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

As related to GASB 75, following are the Authority's total OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense for the fiscal years ended June 30, 2023 and 2022:

	2023	**2022**
Total OPEB liability (asset)	$ 425	$ (118)
Deferred outflows of resources	757	589
Deferred inflows of resources	1,815	4,314
Revenues	(469)	(108)
OPEB expense	(2,199)	(2,300)
Contributions made by the Authority	415	471

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Plan Description

The West Virginia Other Post-employment 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.

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 at www.peia.wv.gov.

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

(In thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 rates related to the measurement date of June 30, 2022 and 2021 were:

	February 2022-June 2023 2022	July 2021-January 2022 2022	July 2020-June 2021 2021
Paygo premium	$ 48	$ 116	$ 160

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.

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 Authority's contributions to the OPEB plan for the years ended June 30, 2023, 2022, and 2021, were $415, $471, and $651, respectively.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Assumptions

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

- Inflation rate: 2.25%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”.
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

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

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

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

(In thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon as of June 30, 2022 and 2021 are summarized below:

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

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

(In thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the total OPEB liability (asset) to changes in the discount rate **-** The following presents the Authority's proportionate share of the total OPEB liability (asset) as of June 30, 2023 and 2022 calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate.

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Total OPEB liability (asset) 2023	$ 1,093	$ 425	$ (148)
Total OPEB liability (asset) 2022	$ 635	$ (118)	$ (745)

Sensitivity of the total OPEB liability (asset) to changes in the healthcare cost trend rate - The following presents the Authority's proportionate share of the total OPEB liability (asset) as of June 30, 2023 and 2022 calculated using the healthcare cost trend rate, as well as what the Authority's total OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability (asset) 2023	$ (241)	$ 425	$ 1,214
Total OPEB liability (asset) 2022	$ (875)	$ (118)	$ 803

<u>OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

The June 30, 2023 total OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022. The June 30, 2022 total OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

At June 30, 2023, the Authority's proportionate share of the total OPEB liability (asset) was $571. Of this amount, the Authority recognized $425 as its proportionate share on the statement of net position. The remainder of $146 denotes the Authority's proportionate share of total OPEB liability (asset) attributable to the special funding.

At June 30, 2022, the Authority's proportionate share of the total OPEB liability (asset) was $(141). Of this amount, the Authority recognized $(118) as its proportionate share on the statement of net position. The remainder of $(23) denotes the Authority's proportionate share of total OPEB liability (asset) attributable to the special funding.

(In thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 years ended June 30, 2022 and 2021. Employer contributions are recognized when due. At the June 30, 2022 measurement date, the Authority's proportion was 0.382%, a decrease of 0.016% from its proportion of 0.398% calculated as of June 30, 2021. At the June 30, 2021 measurement date, the Authority's proportion was 0.398%, a decrease of 0.003% from its proportion of 0.401% calculated as of June 30, 2020.

For the year ended June 30, 2023, the Authority recognized OPEB expense of $(2,199). Of this amount, ($1,730) was recognized as the Authority's proportionate share of OPEB expense and $(469) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Authority also recognized revenue of $(469) for support provided by the State.

For the year ended June 30, 2022, the Authority recognized OPEB expense of $(2,300). Of this amount, ($2,192) was recognized as the Authority's proportionate share of OPEB expense and $(108) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Authority also recognized revenue of $(108) for support provided by the State.

At June 30, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	$ -	$ 542
Changes in proportion and differences between employer contributions and proportionate share of contributions	3	191
Net difference between projected and actual investment earnings	66	-
Changes in assumptions	273	1,080
Reallocation of opt-out employer change in proportionate share	-	2
Contributions after the measurement date	415	-
Total	$ 757	$ 1,815

(In thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	$ -	$ 816
Changes in proportion and differences between employer contributions and proportionate share of contributions	118	129
Net difference between projected and actual investment earnings	-	817
Changes in assumptions	-	2,507
Reallocation of opt-out employer change in proportionate share	-	45
Contributions after the measurement date	471	-
Total	$ 589	$ 4,314

The Authority will recognize the $415 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30:	Amortization
2024	$ (1,404)
2025	(140)
2026	(100)
2027	171
	$ (1,473)

Payables to the OPEB Plan

The Authority did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2023 and 2022.

NOTE 12 - RISK MANAGEMENT

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

The Authority has obtained coverage for job-related injuries of employees and health coverage for its employees from a commercial insurer, and the West Virginia Public Employees Insurance Agency (PEIA). In exchange for the payment of premiums to PEIA and the commercial insurer, the Authority has transferred its risks related to health coverage for employees and job-related injuries of employees.

NOTE 12 - RISK MANAGEMENT (Continued)

The Authority, for an annual premium, obtains insurance coverage for general liability, property damage, business interruption, errors and omissions, and natural disasters through the West Virginia Board of Risk and Insurance Management, a public risk pool entity insuring the State of West Virginia, its component units, local government entities, and eligible not-for-profit organizations. Liability coverage provided to all insured entities under this policy is limited to $1,000 per occurrence, subject to an annual aggregate limit of coverage of $22,000. To further reduce its risk of loss, the Authority, for an annual premium paid to a commercial insurer, has obtained an additional liability policy which provides coverage of $10,000 over and above the coverage provided by the West Virginia Board of Risk and Insurance Management. For the fiscal years ended June 30, 2023, 2022, and 2021, the Authority's insurance coverage has been sufficient to meet all claims and settlements against the Authority.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Litigation

The Authority is a defendant in certain legal proceedings pertaining to matters incidental to routine operations. Based on the current status of these legal proceedings, it is the opinion of Authority management and counsel that the ultimate resolution of these matters will not have a material effect on the Authority's financial position.

Construction Commitments

At June 30, 2023, the Authority had contractual commitments totaling $207,588 for various Turnpike System improvement projects. Subsequent to June 30, 2023, the Authority entered into additional contractual commitments totaling $29,613.

NOTE 14 – RELATED PARTY TRANSACTIONS

The Authority enters into certain transactions with various agencies of the State. At June 30, 2023 and 2022, the Authority had amounts due to the West Virginia Division of Highways of $8,631 and $0, respectively and amounts due from the West Virginia Division of Highways of $5,575 and $0, respectively. During the years ended June 30, 2023 and 2022, the Authority incurred expenses of $12,713 and $4,400, respectively, for construction related costs. During the years ended June 30, 2023 and 2022, the Authority received contributions from the West Virginia Division of Highways of $0 and $14,762, respectively, for a construction project.

NOTE 15 - UNRESTRICTED NET POSITION (DEFICIT)

At June 30, 2023 and 2022 the Authority had an unrestricted net position (deficit) of $(549,402) and $(563,805), respectively. The deficit was created with the issuance of the Series 2018 Senior Lien revenue bonds and Series 2021 Senior Lien revenue bonds. These bonds were issued to fund off-Turnpike parkway projects. $172 million and $422.88 million was transferred into the State Road Construction Account at the West Virginia Division of Highways, respectively, for these purposes. Future toll revenues are expected to be sufficient to fulfill the debt service requirements on the bonds.

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA PARKWAYS AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE TOTAL PENSION LIABILITY (ASSET)
JUNE 30, 2023

Public Employees Retirement System
Last 10 Fiscal Years*
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the total pension liability (asset) (percentage)	1.17%	1.08%	1.09%	1.07%	1.06%	1.07%	1.09%	1.05%	1.06%	1.07%
Authority's proportionate share of the total pension liability (asset)	$ 1,740	$ (9,484)	$ 5,768	$ 2,294	$ 2,742	$ 4,615	$ 10,007	$ 5,848	$ 3,925	$ 9,756
Authority's covered payroll	$ 19,320	$ 17,650	$ 17,010	$ 15,970	$ 14,718	$ 15,608	$ 15,415	$ 14,664	$ 14,241	$ 14,321
Authority's proportionate share of the total pension liability (asset) as a percentage of its covered payroll	9.01%	-53.73%	33.91%	14.36%	18.63%	29.57%	64.92%	39.88%	27.56%	68.12%
Plan fiduciary net position as a percentage of the total pension liability	98.17%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%	79.70%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year.

WEST VIRGINIA PARKWAYS AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2023

Public Employees Retirement System
Last 10 Fiscal Years
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,864	$ 1,932	$ 1,765	$ 1,701	$ 1,597	$ 1,619	$ 1,873	$ 2,081	$ 2,053	$ 2,065
Contributions in relation to the contractually required contribution	(1,864)	(1,932)	(1,765)	(1,701)	(1,597)	(1,619)	(1,873)	(2,081)	(2,053)	(2,065)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 20,711	$ 19,320	$ 17,650	$ 17,010	$ 15,970	$ 14,718	$ 15,608	$ 15,415	$ 14,664	$ 14,241
Contributions as a percentage of covered payroll	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%

WEST VIRGINIA PARKWAYS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY (ASSET)
JUNE 30, 2023

Last 10 Fiscal Years*
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the total OPEB liability (asset) (percentage)	0.38%	0.40%	0.40%	0.41%	0.41%	0.38%				
Authority's proportionate share of the total OPEB liability (asset)	$ 425	$ (118)	$ 1,770	$ 6,785	$ 8,725	$ 9,253				
State's proportionate share of the total OPEB liability (asset)	146	(23)	391	1,389	1,803	1,901				
Total proportionate share of the total OPEB liability (asset	$ 571	$ (141)	$ 2,161	$ 8,174	$ 10,528	$ 11,154				
Authority's payroll	$ 19,879	$ 18,425	$ 18,576	$ 16,840	$ 15,637	$ 15,606				
Authority's proportionate share of the total OPEB liability (asset) as a percentage of its payroll (1)	2.14%	-0.64%	9.53%	40.29%	55.80%	59.29%				
Plan fiduciary net position as a percentage of the total OPEB liability	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%				

* - 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, the Authority should present information for those years for which information is available.

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

WEST VIRGINIA PARKWAYS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2023

Last 10 Fiscal Years
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 415	$ 471	$ 651	$ 763	$ 880	$ 904	$ 773			
Contributions in relation to the statutorily required contribution	(415)	(471)	(651)	(763)	(880)	(904)	(773)			
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
Authority's payroll (1)	$ 20,836	$ 19,879	$ 18,425	$ 18,576	$ 16,840	$ 15,637	$ 15,606			
Contributions as a percentage of payroll (1)	1.99%	2.37%	3.53%	4.11%	5.23%	5.78%	4.95%			

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority should present information for those years for which information is available.

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

Actuarial Changes Pension

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

	Projected Salary Increases				Withdrawal Rates		
	State	Nonstate	Inflation rate	Mortality Rates	State	Nonstate	Disability Rates
2022	2.75% - 5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with Scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with Scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
2021	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	2.28-45.63%	2.50-35.88%	0.005-0.540%
2020	3.1% - 5.3%	3.35% - 6.5%	3.00%	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, below-median, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	2.275-45.63%	2.5-35.88%	0.005-0.540%

WEST VIRGINIA PARKWAYS AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEARS ENDED JUNE 30, 2023 AND 2022

	Projected Salary Increases				Withdrawal Rates		
	State	Nonstate	Inflation rate	Mortality Rates	State	Nonstate	Disability Rates
2019	3.1% - 5.3%	3.35% - 6.0%	3.00%	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 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	2.28-45.63%	2-35.88%	0.005-0.540%
2018	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2017	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2016	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2015	3.00% - 4.6%	3.35% - 6.0%	1.90%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75-35.1%	2-35.8%	0-.675%
2014	4.25% - 6.0%	4.25% - 6.0%	2.20%	Healthy males - 1983 GAM; Healthy females-1971; disabled males - 1971 GAM; Disabled females - Revenue ruling 96-7	1-26%	2-31.2%	0-.8%

WEST VIRGINIA PARKWAYS AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEARS ENDED JUNE 30, 2023 AND 2022

Actuarial Changes Other Postemployment Benefits Plan

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

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	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 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	Rates based on 2015-2020 OPEB experience study and vary by pension plan participation and age/service of retirement.	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 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of (31.11%) for plan year end 2022. 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2020	2.75%	Dependent upon pension system. 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 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	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 2022, 6.50% for the plan year end 2023, decreasing 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 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.4% for the plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	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 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	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.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis Pre-Retirement: RP– 2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	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.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

Suttle & Stalnaker PLLC
Certified Public Accountants

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

To the Members of the
West Virginia Parkways Authority
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 West Virginia Parkways Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 12, 2023. Our report also includes an emphasis of matter paragraph noting that the financial statements of the Authority are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the State of West Virginia that is attributable to the transactions of the Authority. They do not purport to, and do not present fairly the financial position of the State of West Virginia, as of June 30, 2023 and 2022, 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 Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 12, 2023

OTHER FINANCIAL INFORMATION

WEST VIRGINIA PARKWAYS AUTHORITY

(A Component Unit of the State of West Virginia)

REVENUE BOND COVERAGE (Unaudited) (1)

YEARS ENDED JUNE 30, 2023 AND 2022

(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Toll revenues	$ 189,474	$ 178,589	$ 163,112	$ 156,655	$ 132,815	$ 95,288	$ 93,249	$ 93,579	$ 88,697	$ 84,907
Adjustment to toll revenues per Trust Indentures	-	-	-	-	-	(73)	(303)	(356)	(72)	(177)
Total revenues	189,474	178,589	163,112	156,655	132,815	95,215	92,946	93,223	88,625	84,730
Operating expenses	112,566	100,270	99,109	97,305	93,912	86,853	85,770	85,706	83,123	81,789
Adjustments to operating expenses per Trust Indentures:										
Depreciation	(56,927)	(51,463)	(47,991)	(46,472)	(43,734)	(40,639)	(37,318)	(36,929)	(35,357)	(36,294)
Renewal and replacement provided for by reserves	(2,969)	(2,333)	(2,650)	(2,700)	(1,500)	(2,518)	(2,031)	(2,701)	(2,476)	(3,139)
Economic development and tourism costs	(4,953)	(3,913)	(3,344)	(4,105)	(4,729)	(4,892)	(4,931)	(4,899)	(4,850)	(5,087)
Other	-	-	-	-	-	(1,355)	641	(2,054)	464	1,801
Total operating expenses	47,717	42,561	45,124	44,028	43,949	37,449	42,131	39,123	40,904	39,070
Net revenues available for debt service	$ 141,757	$ 136,028	$ 117,988	$ 112,627	$ 88,866	$ 57,766	$ 50,815	$ 54,100	$ 47,721	$ 45,660
Revenue bond coverage items:										
Total debt service	$ 30,759	$ 30,764	$ 10,282	$ 10,280	$ 9,025	$ 10,140	$ 10,760	$ 10,755	$ 10,577	$ 10,529
Renewal and replacement reserve requirement per recommendation of consulting engineer	22,615	20,571	18,700	18,800	16,988	13,184	12,553	13,952	11,187	11,163
Total debt service and renewal and replacement	$ 53,374	$ 51,335	$ 28,982	$ 29,080	$ 26,013	$ 23,324	$ 23,313	$ 24,707	$ 21,764	$ 21,692
Coverage percentages:										
Total debt service (125% required since 2019, previously 150%) (1)	460.86%	442.17%	1147.52%	1095.59%	984.66%	569.68%	472.26%	503.02%	451.18%	433.66%
Total debt service and renewal and replacement per recommendation of consulting engineer (100% required)	265.59%	264.98%	407.11%	387.30%	341.62%	247.67%	217.97%	218.97%	219.27%	210.49%

(1) See Note 9, Revenue Bonds Payable