

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

Fiscal Years Ended June 30, 2022 and 2021



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

Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2022 and 2021

Prepared by:

Director of Finance,
West Virginia Parkways Authority

West Virginia Parkways Authority

Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2022 and 2021

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Introductory Section

West Virginia Parkways Authority

West Virginia Parkways Authority

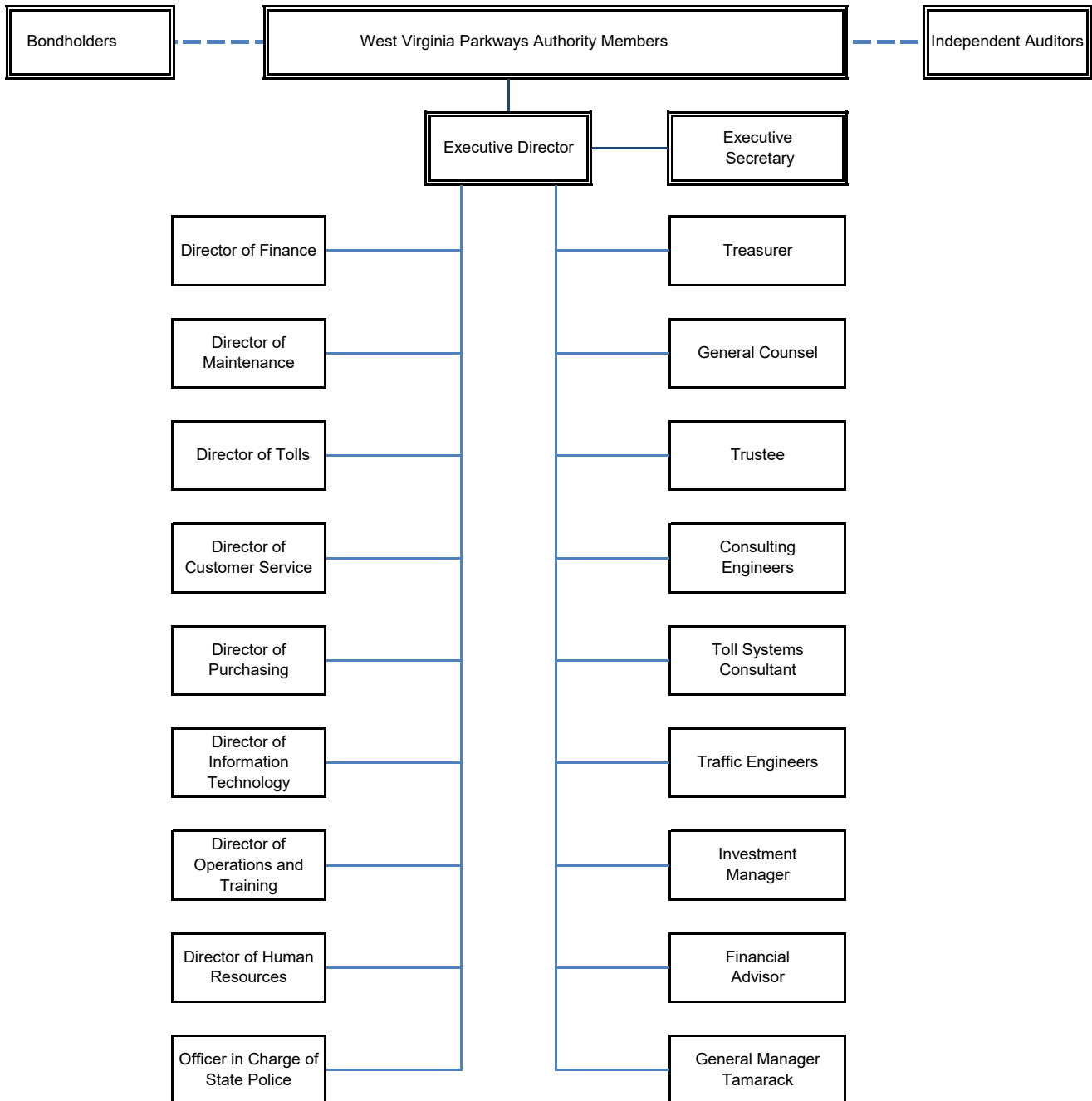
List of Authority Members, Administrative Staff, and Professional Consultants

<u>Authority Members</u>		<u>Date Appointed</u>	<u>Term Expires (2)</u>
Chairman	The Honorable James C. Justice, II Governor, State of West Virginia	January 16, 2017	(1)
Governor's Chairman Designee	Byrd E. White, III	September 14, 2021	(1)
Secretary of Transportation, Vice Chairman	Jimmy D. Wriston, P.E.	October 4, 2021	(1)
Secretary, 2 nd Congressional District	Tom Mainella	July 10, 2010	June 30, 2027
1 st Congressional District	Alisha G. Maddox	July 1, 2017	June 30, 2027
1 st Congressional District	Douglas M. Epling	January 29, 2009	June 30, 2027
2 nd Congressional District	Thomas T. Joyce	July 20, 2022	June 30, 2027
At-Large Member	J. Victor Flanagan	July 1, 2021	June 30, 2026
 <u>Administrative Staff</u>			
Executive Director	Jeffrey A. Miller		
Executive Assistant	Robin Shamblin		
General Counsel	A. David Abrams, Jr.		
Treasurer	David H. Rollins		
Director of Finance	Parrish T. French		
Director of Maintenance	Leslie Ball		
Director of Tolls	Douglas E. Ratcliff		
Director of Customer Service	D. Wayne Webb		
Director of Purchasing	Margaret Vickers		
Director of Operations and Training	Tyrone C. Gore		
Director of Human Resources	Anthony Jones		
Officer in Charge of State Police	Captain Douglas W. Miller		
Executive Director – Tamarack	Tammy Coffman		
 <u>Professional Consultants</u>			
Trustee	United Bank, Inc., Charleston, West Virginia		
Independent Auditor	Suttle & Stalnaker, PLLC, Charleston, West Virginia		
General Counsel	Abrams & Byron, Beckley, West Virginia		
Bond Counsel	Bowles Rice, LLP Charleston, West Virginia		
	Spilman, Thomas & Battle, Charleston, West Virginia		
Consulting Engineers	HNTB Corporation, Scott Depot, West Virginia		
Traffic Engineers	CDM Smith, New Haven, Connecticut		
Financial Advisor	Public Resources Advisory Group, New York, New York		

(1) Under the provisions of the Act which created the Authority, the Governor or his designee serves as Authority Chairman and the Secretary of Transportation is also a member.

(2) Public members may continue to serve until a successor has been appointed and has qualified.

West Virginia Parkways Authority Organization Chart





West Virginia Parkways Authority

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December 21, 2022

The Honorable James C. Justice, II, Governor and
The Honorable Members of the West Virginia Parkways Authority

The *Annual Comprehensive Financial Report* (ACFR) of the West Virginia Parkways Authority (the Authority) for the fiscal years ended June 30, 2022 and 2021, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the financial presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the accompanying data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, changes in financial position, and cash flows of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The accompanying financial statements include only the accounts and transactions of the Authority. The Authority has no component units. However, the Authority is considered a component unit of the State of West Virginia (the State) and the West Virginia Department of Transportation (the Department) and its financial statements are discretely presented in the annual comprehensive financial report of the State.

ORGANIZATION AND BACKGROUND

The Authority was formed as successor-in-interest to the West Virginia Turnpike Commission (the Turnpike Commission) which had been created by the West Virginia Legislature in 1947. Because of highway funding limitations, the legislation authorized the construction of highways through the issuance of revenue bonds, with the bonds to be retired through the collection of tolls. The highway was envisioned to become part of a major highway network extending from Michigan to Florida.

For the first stage of development, a route was identified from Charleston to Princeton that would lessen by only 22 miles the original mileage between the two cities but would reduce the estimated driving time from four to two hours. Due to financial constraints, the project plans were revised to build only a two-lane expressway with right turn only interchanges and no crossing lines of traffic.

The West Virginia Turnpike (Turnpike) opened in 1954 and was incorporated into the nationwide Interstate and Defense Highway System in 1958. The Federal Highway Act of 1968 included a provision permitting interstate funding to be used for the reconstruction of the Turnpike. Beginning in 1970 and concluding September 2, 1987, the Turnpike was upgraded to meet four-lane interstate design standards. Financing was accomplished using Federal highway funds on a 90% Federal/10% state-matching basis. The Authority repaid the Department for the matching funds with the last payment made in 1994. The repaid funds were used by the Department for highway projects located within 75 miles of the Turnpike.

In 2010, the Authority was renamed and reorganized as the West Virginia Parkways Authority. The Authority's governance board includes seven members, two from each of the State's congressional districts, one at-large member, the Secretary of Transportation and the Governor or his designee, as Chairman. Public members' appointments are made by the Governor with the advice and consent of the Senate for a term of five years. Public members may not serve more than two consecutive full five-year terms but may continue to serve until a successor has been appointed and has qualified.

The West Virginia Turnpike consists of 88 miles of limited access highway, which are an integral part of the U.S. Interstate Highway System. It carries the designations of Interstate 77 (I-77) for its entire length and Interstate 64 (I-64) from Charleston to Beckley. I-77 is a north-south interstate route connecting Cleveland, Ohio to Columbia, South Carolina. I-64 is an east-west route connecting St. Louis, Missouri to Virginia Beach, Virginia.

Turnpike operations are financed almost entirely by Turnpike toll revenues. Toll revenues must pay for operating and routine maintenance expenses, debt service, renewal and replacement requirements and major maintenance and capital needs. The Turnpike does not regularly receive any other State or Federal funds to assist with maintenance or operations.

Traffic and Revenue

From its beginning, the Turnpike has been an important route for commercial truck traffic serving the northeast and upper Midwest industrial areas to industrial areas and population centers of the South. Today, heavy truck traffic normally accounts for over 20% of total transactions and more than 60% of toll revenues. The Turnpike is also important to summer and holiday travelers. Average daily passenger car traffic normally increases by 30% or more during the summer travel months of June, July and August. The Thanksgiving holiday weekend includes the busiest travel day of each year.

The Turnpike uses a toll barrier system with three mainline toll plazas strategically located between Charleston and Princeton. There are 18 entrance-exit ramps from the Turnpike serving local traffic. All ramps are toll-free except for the U.S. Rte. 19 interchange north of Beckley.

The Authority is a member of the E-ZPass® Group which develops guidelines for and facilitates the electronic collection of tolls among toll agencies from states in mainly the Eastern and Midwest portions of the U.S. The E-ZPass program is the largest, most successful interoperable toll collection program anywhere in the world, servicing more than 49 million devices and processing more than 3.5 billion electronic toll transactions a year. The West Virginia Turnpike now processes 56.4% of toll transactions and collects 63.6% of toll revenue with the E-ZPass® system.

As a result of nationwide efforts to control the 2020 COVID-19 pandemic, passenger car traffic levels briefly fell to less than 50% of the prior year levels. Commercial traffic was also impacted, but not by the same degree. Due to factors including the Authority's current rate schedule, the resilience of commercial traffic and the time of year of the stay-at-home orders, the actual revenue impact to the Authority was muted through the first months of the pandemic. Decreases to passenger car traffic was largely made up of commuter discount transactions which have little impact on Authority revenue. The Authority maintained operations as normally as possible including keeping all tolling lanes open and continuing with all planned maintenance and major maintenance projects.

Governor's Road to Prosperity Program

On June 22, 2017, Governor James C. Justice, II signed Senate Bill 1003 (S.B. 1003) creating a "public-public" partnership between the Authority and the West Virginia Department of Transportation. Effective June 16, 2017, S.B. 1003 authorizes the Authority to continue collecting tolls on the Turnpike, to deposit proceeds from the issuance of Parkways Revenue Bonds to the newly created special State Road Construction Account and requires the Authority to implement the West Virginia Parkways Authority Single Fee program allowing non-commercial purchasers of West Virginia E-ZPass transponders to have unlimited passage on toll roads within the State for an annual flat fee once the Authority increases any of its currently existing tolling rates.

S.B. 1003 is part of a series of measures collectively referred to as the Governor's Roads to Prosperity Highway Program envisioned as a centerpiece of economic recovery for West Virginia. The program includes measures for the State to fund over \$2.6 billion in transportation infrastructure projects by issuing Parkways, General Obligation and GARVEE Bonds and by revising Private-Public Partnership and Design Build Project legislation.

S.B. 1003 includes various provisions that govern the amounts and processes the Authority must follow in order to continue to charge tolls and the amount of revenues for which the tolls must generate. Specifically, the provisions required the Authority to implement a Single Fee Program to continue tolls on the Turnpike. The Single Fee Program enables purchasers of West Virginia E-ZPass transponders to have unlimited passage on toll roads within the State for an annual flat fee. The flat fee shall be set by the Authority (with certain limitations) at a rate or amount so that the aggregate of all toll revenues estimated to be received by the Authority at the time of fixing any such rate or amount, or any increase thereof, provides sufficient toll revenues to pay debt service, fund necessary reserves and to cover the administrative costs of the program.

The Single Fee Program only applies to passenger motor vehicles, not commercial vehicles, and would entitle purchasers of a West Virginia E-ZPass transponder to traverse all toll roads within the State of West Virginia without stopping to pay individual tolls for one year from the time of payment of the annual flat fee. The Single Fee Program will be made available to any purchaser of a West Virginia E-ZPass transponder, whether such purchaser is a resident of West Virginia or any other state. On September 25, 2018, eligible existing customers were converted to the Single Fee program and the program became available to any new passenger vehicle customers.

On July 31, 2018, the Authority issued \$166.4 million Senior Lien Turnpike Toll Revenue Bonds with net original issue premium of \$18.0 million. \$172.0 million was deposited 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 and include the Powells Creek Bridge Project in Nicholas County, the Kenneth Shadrick Bridge Project in Wyoming County, the King Coal Highway: Airport Road to John Nash Boulevard Project in Mercer County and several pieces of the West Virginia Route 10 Operation Improvements Project in Mercer County.

On June 9, 2021, the Authority issued \$333.6 million Senior Lien Turnpike Toll Revenue Bonds with net original issue premium of \$90.0 million. \$422.9 million was deposited 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 and include improvements to the Coalfields Expressway in Wyoming and McDowell Counties, Beckley Z-Way in Raleigh County, US Route 60, RHL Boulevard Connector, and MacCorkle Avenue all in Kanawha County, Appalachian Drive to New River Gorge Bridge in Fayette County, Princeton Overhead Bridge in Mercer County, and other bridge projects in Greenbrier, MacDowell, Summers, Fayette, and Kanawha Counties.

Separate from the Turnpike bonds, but included in the Roads to Prosperity Program, the Division of Highways will widen sections of the Turnpike north of the I-77/I-64 interchange by adding an additional lane over approximately eight miles each way including widening eight bridges. The lane-widening project will mainly be 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 will be funded by the Authority. Also, additional bridge rehabilitation work identified and added since the start of the project will be paid for by the Authority. This project has proceeded ahead of schedule with a soft opening of November 2021. Remaining details were completed in 2022. Funding from the Division of Highways eliminates a significant capital investment that otherwise would have been required of the Authority.

Highway and Bridge Rehabilitation Projects

During 2009 the Authority substantially increased the breadth and scope of its rehabilitation and repair projects on the Turnpike including full depth concrete repairs and undersealing, asphalt pavement overlay, bridge deck overlay, bridge and facilities retrofit work, guardrails, median barriers, retaining walls, buildings, toll plazas, culverts and drainage pipes, and signs and pavement markings. In accordance with a 10-year capital plan developed with the consulting engineer, the goal was to alleviate an estimated \$335 million in essential deferred maintenance and capital needs backlog, including \$242 million for paving.

As these projects have completed, the Authority has annually identified and adopted a five-year needs program including operation and maintenance, renewal and replacement and capital replacements and improvements. The current capital program includes pavement rehabilitation, reconstruction and overlays, facility improvements, toll system upgrades, bridge deck replacements, major bridge full steel superstructure painting, travel plaza replacement and strategic barrier wall upgrades. Further details follow.

Bridge deck replacement using accelerated bridge construction (ABC) method

In 2015, the Parkways Authority awarded a contract for the Turnpike's first bridge deck replacement on the Turnpike. It was the first use of the Accelerated Bridge Construction (ABC) method of replacing bridge decks in the State of West Virginia and it had a minimal impact on traffic. The contractor was given less than two weeks to complete the project from the time of the first lane closure until all lanes were open to traffic. This contrasts with a 6–8-month construction period for a traditional method bridge deck replacement. The project replaced a 220-foot, two-lane bridge deck and was completed in May 2016. Accelerated Bridge Construction is a method in which the decks are brought in as pre-cast units and provides better quality control as the units are made in a casting plant. Once the casts are brought in, the old deck is replaced, and the new deck is put into place with a crane and locked in place.

There are 116 bridges on the West Virginia Turnpike and this was the first bridge deck replacement since the Turnpike's upgrade was completed in 1987. The Authority began a program to rout and seal deck cracks in the late 1980's with a two-part epoxy which continues to this day. Starting in 2006, bridge decks have been overlaid with a thin epoxy/aggregate combination for water sealing benefits and traction improvement. Since 2010, water-based sealers have been applied to approximately 40 decks. Up to nine tons of salt are applied to some bridges each year. Over the next 30 years, at least 80% of bridge decks will need to be replaced.

Routine Maintenance

In addition to snow removal and ice control, road and bridge maintenance crews perform activities associated with all aspects of highway maintenance including pavements, drainage, signage and other traffic control devices, bridge repairs, bench cleaning, vegetation control and litter pickup.

Utilizing the Maintenance Management System (MMS), the Maintenance Division prepares periodic condition ratings on maintenance performance areas. Actual conditions are compared to established performance targets to assess the effectiveness of the maintenance program. The Division found that asphalt pavement conditions continued to exceed targets due to the pavement rehabilitation and preservation program as a result of the toll rate increase and the Division's aggressive crack sealing program.

The Authority continued its focus on preventive bridge maintenance including protective deck overlays which provides skid resistant surfaces and helps seal the bridge deck from salt intrusion and sizable spot painting contracts which help to preserve the steel structures.

Traffic Management and Safety

The Turnpike is patrolled by an up to 31-member group designated as Troop 7 of the West Virginia State Police who are responsible for traffic safety management and drug interdiction. With its 24-hour patrol, the State Police are dedicated to making the road safer by monitoring compliance with posted speed limits, assisting disabled motorists, detecting impaired drivers, and apprehending drug traffickers. Troop 7's efforts are strengthened by three Public Service Commission (PSC) officers whose focus is inspection and enforcement of commercial vehicle safety and operating regulations.

The Authority provides roadside assistance to Turnpike travelers with disabled vehicles. In winter, snow and ice removal is a top priority and major concern of the Maintenance Department. The Authority's annual operating budget includes funds necessary to adequately maintain safe highways during the winter storm season. Speed monitoring awareness radar trailers are employed to remind motorists of their speed. Rumble strips and eight-inch edge lines are utilized to enhance the travel lane for the safety of motorists.

Travel Plazas and Tourist Information Centers

The Authority has contracted with private companies to operate restaurants and service stations at three travel plazas on the Turnpike. The facilities provide convenient service to Turnpike travelers and serve as tourist information centers. On May 31, 2013, a trucker's shower facility opened at the Beckley Travel Plaza. Tickets for the showers are being sold at the shower facility. Attendants provide towels and other amenities to customers, and are available every day from 6:00 A.M. to 10:00 P.M.

Two other rest areas are accessible to southbound motorists. The rest area at mile 69 provides restrooms, snacks and sandwiches, and vending machines while the rest area at mile 18 has no facilities but provides a scenic view. A new facility at the rest area at mile marker 69 was completed during 2017 and offers Turnpike customers a modern, state of the art rest area with additional car parking and an upgraded snack shop. The Authority also operates the West Virginia Welcome Center, located near milepost 9, Princeton, WV, which contains restrooms, vending machines and tourist information. Retail shops featuring The Best of West Virginia handmade crafts, art and specialty foods are also located at the travel plazas and the Welcome Center.

The Beckley, Bluestone and Morton facilities will be completely rehabilitated and replaced over the next several years including replacement of buildings, fueling pumps, parking lots and lighting at a cost estimated to be \$182 million.

Long-Range Financial Planning

The Authority is required by its Trust Indenture to prepare an annual budget prior to the start of each fiscal year. The adopted budget is used for control of operating and renewal and replacement expenditures and for financial planning. The budget is approved by the Authority but does not require the approval of the State legislature. Additionally, the consulting engineer assists and presents the Authority each year with an updated needs assessment and five-year plan.

Economic Development and Tourism

In 1989, the Authority was tasked with supporting the State's tourism industry and was to assist in other economic and tourism development opportunities. The Authority designated revenues from restaurants and service stations to be used for this responsibility. No toll revenues were used for economic development and tourism projects. During the April 2007 Authority meeting, the Board refocused the Authority's core and principal mission of operating and maintaining the Turnpike as a modern, efficient and safe roadway. All economic development and tourism projects, except Tamarack-the Best of West Virginia, were eliminated. Legislation approved in 2010 restricted the Authority from involvement in any other economic development projects.

Accounting Policies and Internal Controls

The Authority's significant accounting policies are briefly described in Note 2 of the financial statements.

Management of the Authority is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Authority are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Tri-Party Agreement of 2018 and Trust Indentures

In 1971, the Turnpike Commission, the Federal Highway Administration (FHWA), and the Department, adopted an agreement necessary for the Department to participate in the reconstruction of the Turnpike. This document charged the Turnpike Commission with the responsibility for maintenance of the improved facility utilizing toll revenues. The 1971 agreement was superseded and replaced in 1988 and then modified and restated in 2018.

The 2018 agreement specifies (a) that tolls collected will be used on the Turnpike for amounts necessary for operation and maintenance, debt service, reasonable return on investment of any private person or entity that may be authorized by the State to operate and maintain the facility and any cost necessary for improvement including reconstruction, resurfacing, rehabilitation and restoration; (b) that the use of excess toll revenues are authorized to be used for any other purpose for which Federal funds may be obligated under Title 23 of the United States Code; (c) that all records are subject to audit by the Department of Highways and/or FHWA; and, (d) that any bonds issued or any costs incurred will not cause tolls to be increased to an unreasonable amount.

Operations of the Authority are also controlled by the provisions of a Trust Indenture, dated July 31, 2018. The indenture requires, among other things, the establishment and maintenance of various accounts, which are restricted to use for construction, renewal and replacement, operations, and debt service. The Authority's Trustee works closely with staff to ensure the Authority is in compliance with the terms and covenants of the Bond Indenture and that all financial and operational decisions are made in the best interest of the Authority's bondholders.

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

The trust indentures also require an annual audit by independent certified public accountants. The accounting firm of Suttle & Stalnaker, PLLC was engaged by the Authority to perform the audit for the fiscal years ended June 30, 2022 and 2021.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its annual comprehensive financial report for each of the 32 years through the period ended June 30, 2021, including the first year of operations of the Authority. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this annual comprehensive financial report on a timely basis was made possible with the assistance of the Authority's administrative and accounting staff, the consulting engineers, the independent auditor, and the leadership and support of the Members of the West Virginia Parkways Authority. We express our sincere appreciation for the professional contributions made by these individuals in the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script, reading "Paulish French".



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

West Virginia Parkways Authority

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

Executive Director/CEO

Financial Section

West Virginia Parkways Authority



**Suttle &
Stalnaker**

Certified
Public
Accountants

A Professional Limited Liability Company

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, 2022 and 2021, 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, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in conformity 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. 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.

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, 2022 and 2021, 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.

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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 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, 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 16 through 22, the schedule of proportionate share of the net pension liability (asset), schedule of pension contributions, schedule of proportionate share of net other post-employment benefits (OPEB) liability (asset), schedule of other post-employment benefits (OPEB) contributions and related notes on pages 59 through 64 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 annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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.



Charleston, West Virginia
October 14, 2022

WEST VIRGINIA PARKWAYS AUTHORITY
(A Component Unit of the State of West Virginia)
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2022 and 2021

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, 2022 which should be read in conjunction with the Authority's basic financial statements.

FINANCIAL HIGHLIGHTS

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 \$75.8 million including \$14.8 million from the State under the "Roads to Prosperity" program.

2021

- Toll revenues increased 5.5% reflecting the Turnpike's rapid recovery from the traffic disruption caused by the COVID-19 pandemic. Automobile traffic declined substantially due to the pandemic in early 2020, but began recovering by peak summer driving season. Large commercial vehicles, which accounts for more than 60% of total revenue, was not impacted as negatively and recovered more quickly than passenger cars.
- Operating expenses increased by \$1.8 million or 1.9% from 2020. Increases in expenditures mainly related to an increase in maintenance expense.
- In 2021, capital spending on the Turnpike totaled \$80.0 million including \$38.1 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.

WEST VIRGINIA PARKWAYS AUTHORITY
(A Component Unit of the State of West Virginia)
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2022 and 2021

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.

WEST VIRGINIA PARKWAYS AUTHORITY
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Years Ended June 30, 2022 and 2021

FINANCIAL ANALYSIS

Operating Revenue

Toll revenues represent the major source of funding for the Authority. Passenger car traffic volume increased by 10.3% and large commercial traffic volume increased by 3.9% during 2022. Passenger car toll revenues increased 14.1% and large commercial toll revenues increased by 4.8%. Total net toll revenues and other recoveries increased approximately \$17.9 million or 11.0%.

CHANGES IN NET POSITION INFORMATION (in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	Change <u>'22 -'21</u>
Revenues:				
Operating revenues:				
Toll revenues	\$ 180,843	\$ 162,989	\$ 154,468	11.0%
Other revenues	5,612	4,273	5,128	31.3%
Nonoperating revenues:				
Investment gains (losses)	(2,254)	123	2,187	(1,932.5)%
Payments on behalf	<u>(108)</u>	<u>168</u>	<u>411</u>	(164.3)%
Total revenues	<u>184,093</u>	<u>167,553</u>	<u>162,194</u>	9.9%
Expenses:				
Operating expenses:				
Maintenance	24,111	26,179	24,113	(7.9)%
Toll collection	12,382	14,598	13,875	(15.2)%
Traffic enforcement and communications	3,909	3,508	4,074	11.4%
General and administrative	8,405	6,833	8,771	23.0%
Depreciation	51,463	47,991	46,472	7.2%
Nonoperating expenses:				
Interest expense	<u>10,814</u>	<u>5,933</u>	<u>5,648</u>	82.3%
Total expenses	<u>111,084</u>	<u>105,042</u>	<u>102,953</u>	5.8%
Change in net position before transfers	73,009	62,511	59,241	16.8%
Transfers out	-	(422,881)	-	(100.0)%
Transfers in	<u>14,762</u>	<u>38,075</u>	<u>35,421</u>	(61.2)%
Change in net position	87,771	(322,295)	94,662	(127.2)%
Net position, beginning of year	<u>172,833</u>	<u>495,128</u>	<u>400,466</u>	(65.1)%
Net position, end of year	<u>\$ 260,604</u>	<u>\$ 172,833</u>	<u>\$ 495,128</u>	50.8%

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.

WEST VIRGINIA PARKWAYS AUTHORITY
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Years Ended June 30, 2022 and 2021

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, 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.

For the year ended June 30, 2021, total operating expenses increased \$1.8 million or 1.9%. Depreciation expense increased \$1.5 million due to the increasing amount of infrastructure projects being placed in service. General and administrative expenses decreased 22.1% due mainly to a decrease in the valuation of the OPEB liability during the year. Maintenance expenses increased \$2.1 million due to using more salt during the current year.

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Years Ended June 30, 2022 and 2021

Non-operating Revenue and Expense

Interest expense increased 82.3% in 2022 due to the increase in outstanding debt. Interest expense increased 5.0% in 2021 due to the increase in outstanding debt. Net investment revenue has decreased 1,932.5% for 2022 and decreased 94.4% in the prior year due to market conditions.

CONDENSED STATEMENTS OF NET POSITION INFORMATION
(in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	2021	2020	Change '22 - '21
Current assets	\$ 225,071	\$ 241,326	\$ 177,299	(6.7)%
Long-term investments	61,724	-	515	100.0%
Other long-term assets	9,602	-	-	100.0%
Capital assets, net	<u>578,362</u>	<u>554,051</u>	<u>522,032</u>	4.4%
Total assets	874,759	795,377	699,846	10.0%
Deferred outflows	<u>5,445</u>	<u>5,585</u>	<u>3,039</u>	(2.5)%
Total assets plus deferred outflows	<u>\$ 880,204</u>	<u>\$ 800,962</u>	<u>\$ 702,885</u>	9.9%
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current liabilities	\$ 38,255	\$ 29,687	\$ 22,044	28.9%
Long-term revenue bonds	564,747	584,891	172,130	(3.4)%
Other long-term liabilities	<u>-</u>	<u>7,538</u>	<u>9,079</u>	(100.0)%
Total liabilities	603,002	622,116	203,253	(3.1)%
Deferred inflows	<u>16,598</u>	<u>6,013</u>	<u>4,504</u>	176.0%
Total liabilities plus deferred inflows	<u>619,600</u>	<u>628,129</u>	<u>207,757</u>	(1.4)%
Net position:				
Net investment in capital assets	578,362	554,051	522,032	4.4%
Restricted	247,598	196,829	145,687	25.8%
Unrestricted	<u>(565,356)</u>	<u>(578,047)</u>	<u>(172,591)</u>	(2.2)%
Total net position	<u>260,604</u>	<u>172,833</u>	<u>495,128</u>	50.8%
Total liabilities, deferred inflows and net position	<u>\$ 880,204</u>	<u>\$ 800,962</u>	<u>\$ 702,885</u>	9.9%

Assets

Total cash, 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. The Authority's cash and investment balances increased by \$58.9 million in the year ended June 30, 2021 due to a delay in issuance of the Senior Lien Turnpike Toll Revenue Bonds Series 2021.

WEST VIRGINIA PARKWAYS AUTHORITY
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Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2022 and 2021

For the year ended June 30, 2022, net capital assets increased \$24.3 million with capital improvements of \$75.8 million less depreciation expense of \$51.5 million. For the year ended June 30, 2021, net capital assets increased \$32.0 million with capital improvements of \$80.0 million less depreciation expense of \$48.0 million.

Liabilities

For the year ended June 30, 2022, total liabilities and deferred inflows of resources decreased \$8.5 million. Current liabilities increased due to increases to in-process billings from current infrastructure projects. Other long-term liabilities decreased due to a decrease 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:

<u>Agency</u>	<u>Rating</u>
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, 2022 amounted to approximately \$1.570 billion of gross asset value with accumulated depreciation of approximately \$991 million, leaving a net book value of approximately \$578 million. Capital assets represented 65.7% of the Authority's total assets and deferred outflows of resources at June 30, 2022. Additional information on the Authority's capital assets can be found in Note 5 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 6, 7, and 8 to the financial statements.

WEST VIRGINIA PARKWAYS AUTHORITY
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Years Ended June 30, 2022 and 2021

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, 2022 and 2021
(In Thousands)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 139,209	\$ 137,074
Short-term investments	71,271	86,793
Accounts receivable	9,538	12,536
Inventory	4,683	4,460
Other	370	463
Total current assets	<u>225,071</u>	<u>241,326</u>
Noncurrent assets:		
Investments in securities maturing beyond one year	61,724	-
Net pension asset	9,484	-
Accrued post-employment benefits other than pensions	118	-
Capital assets, net	578,362	554,051
Total noncurrent assets	<u>649,688</u>	<u>554,051</u>
 Total assets	 <u>874,759</u>	 <u>795,377</u>
Deferred outflows of resources:		
Deferred outflows related to pension	4,856	4,510
Deferred outflows related to other post-employment benefits	589	1,075
Total deferred outflows of resources	<u>5,445</u>	<u>5,585</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable	17,617	10,682
Accrued interest payable	1,860	991
Customer deposits	3,178	2,882
Other accrued liabilities	5,752	4,814
Current portion of compensated absences	1,408	1,378
Current portion of long-term revenue bonds	8,440	8,940
Total current liabilities	<u>38,255</u>	<u>29,687</u>
Noncurrent liabilities:		
Noncurrent portion of long-term revenue bonds, net of unamortized premiums:		
Series 2018 revenue bonds	162,317	167,273
Series 2021 revenue bonds	402,430	417,618
	<u>564,747</u>	<u>584,891</u>
Net pension liability	-	5,768
Accrued post-employment benefits other than pensions	-	1,770
Total noncurrent liabilities	<u>564,747</u>	<u>592,429</u>
 Total liabilities	 <u>603,002</u>	 <u>622,116</u>
Deferred inflows of resources:		
Deferred inflows related to pension	12,284	381
Deferred inflows related to other post-employment benefits	4,314	5,632
Total deferred inflows of resources	<u>16,598</u>	<u>6,013</u>
 Total liabilities plus deferred inflows of resources	 <u>619,600</u>	 <u>628,129</u>
Net position:		
Net investment in capital assets	578,362	554,051
Restricted by trust indenture and tri-party agreement	245,543	196,829
Restricted for pension benefits	2,055	-
Unrestricted (deficit)	(565,356)	(578,047)
Total net position	<u>\$ 260,604</u>	<u>\$ 172,833</u>

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, 2022 and 2021
(In Thousands)

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Toll revenues	\$ 180,843	\$ 162,989
Other revenues	5,612	4,273
Total operating revenues	<u>186,455</u>	<u>167,262</u>
Operating expenses:		
Maintenance	24,111	26,179
Toll collection	12,382	14,598
Traffic enforcement and communications	3,909	3,508
General and administrative	8,405	6,833
Depreciation	51,463	47,991
Total operating expenses	<u>100,270</u>	<u>99,109</u>
Operating income	86,185	68,153
Nonoperating revenues (expenses):		
Interest expense	(10,814)	(5,933)
Net investment revenue	(2,254)	123
Payments on behalf	(108)	168
Nonoperating revenues (expenses), net	<u>(13,176)</u>	<u>(5,642)</u>
Change in net position before transfers	73,009	62,511
Transfers out	-	(422,881)
Transfers in	<u>14,762</u>	<u>38,075</u>
Change in net position	87,771	(322,295)
Net position, beginning of year	<u>172,833</u>	<u>495,128</u>
Net position, end of year	<u>\$ 260,604</u>	<u>\$ 172,833</u>

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, 2022 and 2021
(In Thousands)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 186,749	\$ 167,535
Cash paid to employees	(34,615)	(35,018)
Cash paid to suppliers	(16,348)	(23,406)
Net cash provided by operating activities	<u>135,786</u>	<u>109,111</u>
Cash flows from noncapital and related financing activities:		
Proceeds from bond issuance	-	423,633
Transfer to West Virginia Division of Highways	-	(422,881)
Debt service for revenue bonds:		
Principal	(8,940)	(2,785)
Interest	(22,516)	(7,866)
Net cash provided by (used in) noncapital and related financing activities	<u>(31,456)</u>	<u>(9,899)</u>
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(53,740)	(40,436)
Net cash used in capital and related financing activities	<u>(53,740)</u>	<u>(40,436)</u>
Cash flows from investing activities:		
Purchase of investments	(242,982)	(2,183)
Proceeds from sales and maturities of investments	196,781	2,497
Interest from investments	(2,254)	123
Net cash provided by (used in) investing activities	<u>(48,455)</u>	<u>437</u>
Increase (decrease) in cash and cash equivalents	2,135	59,213
Cash and cash equivalents, beginning of year	137,074	77,861
Cash and cash equivalents, end of year	<u>\$ 139,209</u>	<u>\$ 137,074</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 86,186	\$ 68,153
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	51,462	47,991
Other post-employment benefits expense - special funding situation	(108)	168
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	2,997	(5,460)
(Increase) decrease in inventory	(223)	847
(Increase) decrease in other current assets	93	-
(Increase) decrease in deferred outflows of resources	140	(2,545)
Increase (decrease) in accounts payable and other liabilities	1,795	(11)
Increase (decrease) in deferred inflows of resources	10,585	1,509
Increase (decrease) in net pension liability	(15,252)	3,474
Increase (decrease) in accrued post-employment benefits	(1,889)	(5,015)
Net cash provided by operating activities	<u>\$ 135,786</u>	<u>\$ 109,111</u>
Noncash transaction		
Donated capital assets	<u>\$ 14,762</u>	<u>\$ 38,075</u>

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

WEST VIRGINIA PARKWAYS AUTHORITY
(A Component Unit of the State of West Virginia)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021
(In thousands)

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.

WEST VIRGINIA PARKWAYS AUTHORITY
(A Component Unit of the State of West Virginia)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021
(In thousands)

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, 2022 and 2021, management believes that all accounts receivable will be collected; therefore, no allowance for doubtful accounts has been booked.

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).

Deferred Outflow of Resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

WEST VIRGINIA PARKWAYS AUTHORITY
(A Component Unit of the State of West Virginia)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021
(In thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 8).

Pensions

For purposes of measuring the net 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 net 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 8 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.

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.

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is an acquisition of net position by the government that is applicable to a future reporting period.

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 2021 financial statements have been reclassified to conform with the 2022 presentation. Such reclassifications had no effect on the 2021 net position or changes in net position.

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NOTE 3 - 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 \$139,209 and \$137,074 in 2022 and 2021, respectively.

A reconciliation of the investments disclosed in this Note to the amounts reported in the Statements of Net Position is as follows:

	<u>June 30, 2022</u>
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	<u>129,481</u>
	<u>\$ 272,204</u>
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	<u>61,724</u>
	<u>\$ 272,204</u>

	<u>June 30, 2021</u>
As disclosed in this Note:	
Total deposits with outside banks	\$ 129,861
Total WV State Treasurer's Office	7,213
Total WV Short Term Bond Pool	3,518
Total other investments	<u>83,275</u>
	<u>\$ 223,867</u>
As reported on the Statement of Net Position:	
Cash and cash equivalents	137,074
Short-term investments	<u>86,793</u>
	<u>\$ 223,867</u>

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NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investment securities are allocated at June 30, 2022 and 2021, among the following restricted and designated accounts created under the various Trust Indentures or by the adoption of Authority resolution:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Restricted and designated assets:		
Assets restricted by 2018 trust indenture		
Turnpike Capital Improvement Fund	\$ 180,744	\$ 131,871
Renewal and Replacement Reserve Fund	20,571	18,700
Operating and Maintenance Reserve Account	8,303	7,808
Senior Lien Debt Service Reserve Fund	30,644	30,764
Series 2018 Interest and Principal Accounts	1,773	7,631
Series 2021 Interest and Principal Accounts	3,509	54
Other Restrictions		
Insurance liability	1,000	1,000
Patron account	<u>3,178</u>	<u>2,882</u>
Total restricted	<u>249,722</u>	<u>200,710</u>
Non toll revenue fund	<u>5,514</u>	<u>4,767</u>
Total restricted and designated assets as allocated by trust indentures	<u>\$ 255,236</u>	<u>\$ 205,477</u>

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.

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NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All 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, 2022 and 2021, respectively, the Authority had the following investments and maturities (in years):

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

<u>Investment Type</u>	2021				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>10+</u>
Government agency bonds	\$ 507	\$ 507	\$ -	\$ -	\$ -
Corporate bonds	3,518	3,518	-	-	-
Mutual funds	<u>82,768</u>	<u>82,768</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 86,793</u>	<u>\$ 86,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 \$133,651 and \$129,861 at June 30, 2022 and 2021, respectively. These deposits, which had a bank balance of \$133,202 and \$129,017, 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, 2022 and 2021, 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.

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NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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.

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:

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NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Security Type	Rating	June 30, 2022	
		Carrying Value	Percent of Pool Assets
U.S. Treasury notes*	AA+	\$ 89,910	13.03%
U.S. government agency bonds	AA+	2,403	0.35
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
		<u>\$ 689,880</u>	<u>100.00%</u>

NR = Not Rated

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

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NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Security Type	Credit Rating		June 30, 2021	
	Moody's	S&P	Carrying Value	Percent of Pool Assets
U.S. Treasury notes*	Aaa	AA+	\$ 123,066	15.08%
U.S. agency collateralized mortgage obligations				
U.S. government guaranteed*	Aaa	AA+	16,295	2.00
Non- U.S. government guaranteed	Aaa	AA+	6,779	0.83
Corporate fixed- and floating-rate bonds and notes	Aaa	AAA	3,627	0.44
	Aaa	AA+	6,684	0.82
	Aa1	AA	2,549	0.31
	Aa2	AA+	1,354	0.17
	Aa2	AA	5,665	0.69
	Aa2	AA-	4,019	0.49
	Aa2	A+	4,400	0.54
	Aa2	NR	5,858	0.72
	Aa3	AA+	5,258	0.64
	Aa3	AA-	21,288	2.61
	Aa3	A+	7,793	0.96
	Aa3	A	4,168	0.51
	A1	AA	1,623	0.20
	A1	AA-	8,860	1.09
	A1	A+	28,261	3.46
	A1	A	14,323	1.76
	A1	A-	10,621	1.30
	A1	BBB+	8,103	0.99
	A2	A+	15,952	1.96
	A2	A	48,388	5.93
	A2	A-	28,214	3.46
	A2	BBB+	27,127	3.32
	A3	AA-	2,329	0.29
	A3	A+	9,145	1.12
	A3	A	9,351	1.15
	A3	A-	21,011	2.58
	A3	BBB+	24,656	3.02
	Baa1	A-	5,451	0.67
	Baa1	BBB+	19,851	2.43
	Baa1	BBB	3,115	0.38
	Baa1	NR	1,976	0.24
	Baa2	A-	6,101	0.75
	Baa2	BBB+	11,436	1.40
	Baa2	BBB	27,925	3.42
	Baa2	BBB-	10,177	1.25
	Baa3	BBB	17,015	2.09
	Baa3	BBB-	22,599	2.77
	Baa3	NR	5,846	0.72
	Ba1	BBB-	6,703	0.82
	NR	A+	6,290	0.77
	NR	A-	5,935	0.73
	NR	BBB+	4,507	0.55
	NR	BBB	7,927	0.97
	NR	BBB-	1,588	0.19
Collateralized mortgage obligations	NR	AAA	79	0.01
Municipal securities	Aa1	AAA	2,484	0.30
	Aa1	AA+	11,211	1.37
Municipal Securities	Aa1	AA	2,789	0.34
	Aa2	AA+	6,630	0.81
	Aa2	AA	15,973	1.96
	Aa2	AA-	8,230	1.01
	Aa2	NR	8,556	1.05
	Aa3	AA-	2,233	0.27
	NR	AAA	2,876	0.35
	NR	AA+	3,172	0.39
Asset-backed securities	Aaa	AAA	19,696	2.41
	Aaa	NR	27,153	3.33
	Aa1	NR	8,183	1.00
	NR	AAA	49,648	6.09
Money market funds	Aaa	AAAm	5,756	0.71
			<u>\$ 815,878</u>	<u>100.00%</u>

NR = Not Rated

* U.S. Treasury issues and certain U.S. agency collateralized mortgage obligations are explicitly guaranteed by the United States Government and are not considered to have credit risk.

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NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2022 and 2021, the Authority ownership of approximately \$3,514 represents 0.5% and ownership of approximately \$3,518 represents 0.4%, 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, 2022, the effective duration of the benchmark was 686 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

Security Type	2022		2021	
	Carrying Value (In Thousands)	Effective Duration (Days)	Carrying Value (In Thousands)	Effective Duration (Days)
Corporate fixed-rate bonds and notes	\$ 369,328	657	\$ 461,933	720
Corporate floating-rate bonds and notes	33,810	(19)	33,136	(6)
Collateralized mortgage obligations	18,422	585	79	752
U.S. Treasury notes	89,910	816	123,066	638
U.S. government agency bonds	2,403	815	-	-
U.S. agency collateralized mortgage obligations	13,309	75	23,074	213
Municipal securities	36,264	433	64,154	608
Asset-backed securities	120,578	474	104,680	626
Money market funds	5,856	-	5,756	-
	<u>\$ 689,880</u>	584	<u>\$ 815,878</u>	638

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.

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NOTE 3 - 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 4 - 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

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

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NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

<u>June 30, 2021</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Government agency bonds	\$ 507	\$ 507	\$ -	\$ -
Corporate bonds	3,518	3,518	-	-
Mutual funds	82,768	82,768	-	-
Total investments at fair value	<u>\$ 86,793</u>	<u>\$ 86,793</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 - CAPITAL ASSETS

A summary of capital assets at June 30 follows:

<u>2022</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, non-depreciable:				
Land	\$ 53,247	\$ -	\$ -	\$ 53,247
Construction in process	99,200	14,762	-	113,962
Total non-depreciable capital assets	<u>152,447</u>	<u>14,762</u>	<u>-</u>	<u>167,209</u>
Capital assets, depreciable:				
Buildings	108,239	2,287	-	110,526
Equipment	29,591	4,004	-	33,595
Infrastructure	1,203,632	54,721	-	1,258,353
Total capital assets being depreciated	<u>1,341,462</u>	<u>61,012</u>	<u>-</u>	<u>1,402,474</u>
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	<u>(939,858)</u>	<u>(51,463)</u>	<u>-</u>	<u>(991,321)</u>
Total depreciable capital assets, net	<u>401,604</u>	<u>9,549</u>	<u>-</u>	<u>411,153</u>
Total capital assets, net	<u>\$ 554,051</u>	<u>\$ 24,311</u>	<u>\$ -</u>	<u>\$ 578,362</u>

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NOTE 5 - CAPITAL ASSETS (Continued)

<u>2021</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	\$ 53,247	\$ -	\$ -	\$ 53,247
Construction in process	49,074	50,126	-	99,200
Total non-depreciable capital assets	<u>102,321</u>	<u>50,126</u>	<u>-</u>	<u>152,447</u>
Capital assets, depreciable:				
Buildings	105,646	2,593	-	108,239
Equipment	26,898	2,693	-	29,591
Infrastructure	1,179,034	24,598	-	1,203,632
Total capital assets being depreciated	<u>1,311,578</u>	<u>29,884</u>	<u>-</u>	<u>1,341,462</u>
Less accumulated depreciation for:				
Buildings	(87,044)	(2,658)	-	(89,702)
Equipment	(15,992)	(1,849)	-	(17,841)
Infrastructure	(788,831)	(43,484)	-	(832,315)
Total accumulated depreciation	<u>(891,867)</u>	<u>(47,991)</u>	<u>-</u>	<u>(939,858)</u>
Total depreciable capital assets, net	<u>419,711</u>	<u>(18,107)</u>	<u>-</u>	<u>401,604</u>
Total capital assets, net	<u>\$ 522,032</u>	<u>\$ 32,019</u>	<u>\$ -</u>	<u>\$ 554,051</u>

There was no interest cost capitalized during the years ended June 30, 2022 and 2021, respectively.

NOTE 6 - REVENUE BONDS PAYABLE

Revenue bonds payable consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
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 2022 through June 2051	\$ 327,790	\$ 333,630
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	155,000	157,925
Total revenue bonds payable	<u>482,790</u>	<u>491,555</u>
Add:		
Unamortized premium	90,397	102,276
Less:		
Current portion of revenue bonds payable	<u>(8,440)</u>	<u>(8,940)</u>
Total long term revenue bonds payable	<u>\$ 564,747</u>	<u>\$ 584,891</u>

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NOTE 6 - 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 \$30,764, \$10,282, and \$10,280, for the years ended June 30, 2022, 2021, and 2020, respectively. Total net pledged revenues were approximately \$136,028, \$117,988, and \$112,627, which represents 442.17%, 1,147.52%, and 1,095.59% of the total debt service, respectively, for the years ended June 30, 2022, 2021, and 2020.

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.

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NOTE 6 - 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:

<u>2022</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Amortization</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Series 2018	\$ 170,198	\$ -	\$ (2,925)	\$ (1,886)	\$165,387	\$ 3,070
Series 2021	423,633	-	(6,015)	(9,818)	407,800	5,370
	<u>\$ 593,831</u>	<u>\$ -</u>	<u>\$ (8,940)</u>	<u>\$ (11,704)</u>	<u>\$573,187</u>	<u>\$ 8,440</u>
<u>2021</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Amortization</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Series 2018	\$ 174,915	\$ -	\$ (2,785)	\$ (1,932)	\$170,198	\$ 2,925
Series 2021	-	423,633	-	-	423,633	6,015
	<u>\$ 174,915</u>	<u>\$ 423,633</u>	<u>\$ (2,785)</u>	<u>\$ (1,932)</u>	<u>\$593,831</u>	<u>\$ 8,940</u>

Debt service requirements for the Revenue Bonds subsequent to June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 8,440	\$ 22,319	\$ 30,759
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 – 2032	59,535	94,269	153,804
2033 – 2037	75,985	77,821	153,806
2038 – 2042	96,430	57,363	153,793
2043 – 2047	119,955	33,840	153,795
2048 – 2051	84,240	7,951	92,191
Total	<u>\$ 482,790</u>	<u>\$ 378,402</u>	<u>\$ 861,192</u>

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NOTE 6 - REVENUE BONDS PAYABLE (Continued)

Principal outstanding June 30, 2022	
Add:	\$ 482,790
Unamortized premium	90,397
Less:	
Current portion of revenue bonds payable	<u>(8,440)</u>
Long-term portion	<u>\$ 564,747</u>

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, 2022 and 2021, the Authority's estimated arbitrage rebate liability was zero.

NOTE 7 - 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.

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NOTE 7 - 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 10% for the years ended June 30, 2022, 2021, and 2020, 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 \$1,932, \$1,765, and \$1,701 for the fiscal years ended June 30, 2022, 2021, and 2020, respectively.

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

At June 30, 2022 and 2021, the Authority reported a liability (asset) of \$(9,484) and \$5,768, respectively for its proportionate share of the net pension liability. The June 30, 2022 net pension asset was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021. The June 30, 2021 net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. The Authority's proportion of the net pension liability 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 June 30, 2021, the Authority's proportionate share was 1.08%, which was a decrease of .01% from its proportionate share measured as of June 30, 2020. At June 30, 2020, the Authority's proportionate share was 1.09%, which was an increase of .02% from its proportionate share measured as of June 30, 2019.

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NOTE 7 - PENSION PLAN (Continued)

For the years ended June 30, 2022 and 2021, the Authority recognized pension expense of \$(1,807) and \$1,417, respectively. At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resource
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	<u>1,932</u>	<u>-</u>
Total	<u>\$ 4,856</u>	<u>\$ 12,284</u>

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resource
Net difference between projected and actual earnings on pension plan investments	\$ 1,828	\$ -
Difference between expected and actual experience	849	119
Changes of assumptions	-	254
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	68	8
Authority's contributions subsequent to the measurement date	<u>1,765</u>	<u>-</u>
Total	<u>\$ 4,510</u>	<u>\$ 381</u>

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NOTE 7 - PENSION PLAN (Continued)

The Authority reported \$1,932 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 net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>		
2023	\$	(1,662)
2024		(1,192)
2025		(2,926)
2026		(3,580)
	\$	<u>(9,360)</u>

Actuarial assumptions and methods

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	2.75% - 6.75%, average, including inflation
Investment rate of return	7.5%, 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, and 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected with scale MP-2018 for disabled females.

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

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases	3.1 - 6.5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense

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NOTE 7 - PENSION PLAN (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Long-term expected rates of return - The long-term rates of return on pension plan investments were determined using a building-block method in which estimates of expected 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, 2021 and 2020, are summarized below:

June 30, 2021			
Asset Class	Long-term Expected Real Rate of Return	Target Allocation	Weighted Average Expected Real Rate of Return
Domestic equity	5.5%	27.5%	1.51%
International equity	7.0%	27.5%	1.93%
Fixed income	2.2%	15.0%	0.33%
Real estate	6.6%	10.0%	0.66%
Private equity	8.5%	10.0%	0.85%
Hedge funds	4.0%	10.0%	0.40%
Total		100.0%	5.68%
Inflation (CPI)			2.10%
			7.78%

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NOTE 7 - PENSION PLAN (Continued)

June 30, 2020			
Asset Class	Long-term Expected Real Rate of Return	Target Allocation	Weighted Average Expected Real Rate of Return
Domestic equity	5.5%	27.5%	1.60%
International equity	7.0%	27.5%	2.12%
Fixed income	2.2%	15.0%	0.50%
Real estate	6.6%	10.0%	0.61%
Private equity	8.5%	10.0%	0.88%
Hedge funds	4.0%	10.0%	0.44%
Total		100.0%	6.15%
Inflation (CPI)			2.00%
			8.15%

Discount rate

The discount rate used to measure the total pension asset was 7.25% and 7.50% for the year ended June 30, 2022 and 2021, respectively. 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 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 active and inactive employees. 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 asset.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following table presents the Authority's proportionate share of the net pension liability calculated using the current discount rate of 7.25% and 7.50% for the year ended June 30, 2022 and 2021, respectively, as well as the Authority's proportionate share of the net pension liability if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

	Total Net Pension Liability (Asset)		
	1% Decrease	Discount Rate	1% Increase
Net Pension Liability 2022	\$ 108	\$ (9,484)	\$ (17,580)
Net Pension Liability 2021	\$ 14,697	\$ 5,768	\$ (1,781)

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.

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NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are the Authority's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal year ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Net OPEB liability (asset)	\$ (118)	\$ 1,770
Deferred outflows of resources	589	1,075
Deferred inflows of resources	4,314	5,632
Revenues	(108)	168
OPEB expense	(2,300)	(1,407)
Contributions made by the Authority	471	651

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.

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NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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

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

Contributions

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

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2021 and 2020 were:

	<u>2021</u>	<u>2020</u>
Paygo premium	\$ 160	\$ 168

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.

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NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Authority's contributions to the OPEB plan for the years ended June 30, 2022, 2021, and 2020, were \$471, \$651 and \$763, respectively.

Assumptions

The June 30, 2022 OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method: Entry age normal cost method.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method: Level percentage of payroll, 20-year closed period.
- 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 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.
- Projected salary increases: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Inflation rate: 2.25%.
- Mortality: based on PUB-2010 Mortality Tables

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2015 to June 30, 2020. These assumptions will remain in effect for valuation purposes until such time as RHBT adopts revised assumptions.

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.

Long-term pre-funding assets are invested with the West Virginia Investment Management Board ("WVIMB"). The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the West Virginia Board of Treasury Investments ("WVBTI").

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return 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 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.

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NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon as of June 30, 2021 and 2020 are summarized below:

June 30, 2021		
Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55%	4.8%
Core plus fixed income	15%	2.1%
Core real estate	10%	4.1%
Hedge fund	10%	2.4%
Private equity	10%	6.8%
June 30, 2020		
Asset Class	Target Allocation	Long-term Expected Real Return
Global equity	55%	6.8%
Core plus fixed income	15%	4.1%
Core real estate	10%	6.1%
Hedge fund	10%	4.4%
Private equity	10%	8.8%

Single discount rate - A single discount rate of 6.65% was used to measure the total OPEB liability. 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.

Sensitivity of the net OPEB liability (asset) to changes in the discount rate - The following presents the Authority's proportionate share of the net OPEB liability (asset) as of June 30, 2022 and 2021 calculated using the current discount rate, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability 2022	<u>\$ 635</u>	<u>\$ (118)</u>	<u>\$ (745)</u>
Net OPEB liability 2021	<u>\$ 2,524</u>	<u>\$ 1,770</u>	<u>\$ 1,139</u>

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NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate - The following presents the Authority's proportionate share of the net OPEB liability (asset) as of June 30, 2022 and 2021 calculated using the healthcare cost trend rate, as well as what the Authority's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability 2022	<u>\$ (875)</u>	<u>\$ (118)</u>	<u>\$ 803</u>
Net OPEB liability 2021	<u>\$ 1,065</u>	<u>\$ 1,770</u>	<u>\$ 2,622</u>

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

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

At June 30, 2022, the Authority's proportionate share of the net 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 net OPEB liability (asset) attributable to the special funding. At June 30, 2021, the Authority's proportionate share of the net OPEB liability (asset) was \$2,161. Of this amount, the Authority recognized \$1,770 as its proportionate share on the statement of net position. The remainder of \$391 denotes the Authority's proportionate share of net OPEB liability (asset) attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2021 and 2020. Employer contributions are recognized when due. 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. At the June 30, 2020 measurement date, the Authority's proportion was 0.401%, a decrease of 0.008% from its proportion of 0.409% calculated as of June 30, 2019.

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. For the year ended June 30, 2021, the Authority recognized OPEB expense of \$(1,407). Of this amount, (\$1,575) was recognized as the Authority's proportionate share of OPEB expense and \$168 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Authority also recognized revenue of \$168 for support provided by the State.

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NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

At June 30, 2022 and 2021, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	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	<u>471</u>	<u>-</u>
Total	<u>\$ 589</u>	<u>\$ 4,314</u>

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual non-investment experience	\$ -	\$ 1,148
Changes in proportion and differences between employer contributions and proportionate share of contributions	290	379
Net difference between projected and actual investment earnings	134	-
Changes in assumptions	-	3,995
Reallocation of opt-out employer change in proportionate share	-	110
Contributions after the measurement date	<u>651</u>	<u>-</u>
Total	<u>\$ 1,075</u>	<u>\$ 5,632</u>

The Authority will recognize the \$471 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30:	Amortization
2023	\$ (2,139)
2024	(1,543)
2025	(277)
2026	(238)
	<u>\$ (4,197)</u>

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NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Payables to the OPEB Plan

The Authority did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2022 and 2021.

NOTE 9 - RISK MANAGEMENT

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

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, 2022, 2021, and 2020, the Authority's insurance coverage has been sufficient to meet all claims and settlements against the Authority.

NOTE 10 - 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, 2022, the Authority had contractual commitments totaling \$68,810 for various Turnpike System improvement projects. Subsequent to June 30, 2022, the Authority entered into additional contractual commitments totaling \$8,605.

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NOTE 11 - ACCOUNTING PRONOUNCEMENTS

Newly Adopted Statements Issued by the Governmental Accounting Standards Board

The Authority implemented GASB Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. This Statement requires lessees and lessors to report leases under a single model. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources for each lease. This Statement also requires additional notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The adoption of GASB Statement No. 87 did not have a significant impact on the financial statements.

The Authority implemented GASB Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2021. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) GASB Statement No. 87 Implementation; (2) intra-entity transfers of assets; (3) postemployment benefits; (4) government acquisitions; (5) risk financing and insurance related activities of public entity risk pools; and (6) fair value measurements and derivative instruments. The adoption of GASB Statement No. 92 did not have a significant impact on the financial statements.

The Authority implemented GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. This Statement removes LIBOR as an appropriate benchmark to coincide with its cessation at the end of calendar year 2021. The new guidance also addresses accounting and financial reporting implications that result from a change or replacement of any interbank offered rate (IBOR) in both hedging derivative instruments and leases. The standard also identifies appropriate benchmark interest rates for hedging derivatives. The adoption of GASB Statement No. 93. did not have a significant impact on the financial statements.

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NOTE 11 - ACCOUNTING PRONOUNCEMENTS (Continued)

The Authority implemented GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*, parts of which were effective immediately, while other provisions are effective for reporting periods beginning after June 15, 2021. The provisions that were immediately effective required that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan that the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform and limits the applicability of the financial burden criterion in GASB Statement No. 84 to defined benefit pension plans and defined OPEB plans administered through trusts. This Statement also requires that an IRC Section 457 Plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that arrangements under IRC Section 457 should be assessed as a potential fiduciary activity under GASB Statement No. 84. As part of the supersession of GASB Statement No. 32, this Statement also requires that investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. The portion of GASB Statement No. 97 that was effective immediately did not have a significant impact on the financial statements. The adoption of the remaining portions of GASB Statement No. 97 did not have a significant impact on the financial statements.

The Authority implemented GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which is effective for fiscal years ending after December 15, 2021. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The adoption of GASB Statement No. 98 did not have a significant impact on the financial statements.

GASB has issued 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 immediately did not have an impact on the financial statements, and the Authority has not yet determined the effect of the remaining provisions.

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NOTE 11 - ACCOUNTING PRONOUNCEMENTS (Continued)

Recent Statements Issued by the Governmental Accounting Standards Board

GASB has issued 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 Authority has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

GASB has issued 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 providing uniform guidance on accounting and financial reporting for transactions that meet those definitions, but are outside of the scope of Lease or Service Concession Arrangement Guidance. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will require governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The Authority has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

GASB has issued Statement 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 Authority has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

WEST VIRGINIA PARKWAYS AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021
(In thousands)

NOTE 11 - ACCOUNTING PRONOUNCEMENTS (Continued)

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.

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 12 - UNRESTRICTED NET POSITION (DEFICIT)

At June 30, 2022 and 2021 the Authority had an unrestricted net position (deficit) of \$565,356 and \$578,047, 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.

WEST VIRGINIA PARKWAYS AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
June 30, 2022

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability (asset) (percentage)	1.08%	1.09%	1.07%	1.06%	1.07%	1.09%	1.05%	1.06%	1.07%	
Authority's proportionate share of the net pension liability (asset)	\$ (9,484)	\$ 5,768	\$ 2,294	\$ 2,742	\$ 4,615	\$ 10,007	\$ 5,848	\$ 3,925	\$ 9,756	
Authority's covered payroll	\$ 17,650	\$ 17,010	\$ 15,970	\$ 14,718	\$ 15,608	\$ 15,415	\$ 14,664	\$ 14,241	\$ 14,321	
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-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	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.

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

WEST VIRGINIA PARKWAYS AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2022

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,932	\$ 1,765	\$ 1,701	\$ 1,597	\$ 1,619	\$ 1,873	\$ 2,081	\$ 2,053	\$ 2,065	\$ 2,005
Contributions in relation to the contractually required contribution	<u>(1,932)</u>	<u>(1,765)</u>	<u>(1,701)</u>	<u>(1,597)</u>	<u>(1,619)</u>	<u>(1,873)</u>	<u>(2,081)</u>	<u>(2,053)</u>	<u>(2,065)</u>	<u>(2,005)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 19,320	\$ 17,650	\$ 17,010	\$ 15,970	\$ 14,718	\$ 15,608	\$ 15,415	\$ 14,664	\$ 14,241	\$ 14,321
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%

WEST VIRGINIA PARKWAYS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2022

Last 10 Fiscal Years*
(In Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net OPEB liability (asset) (percentage)	0.40%	0.40%	0.41%	0.41%	0.38%					
Authority's proportionate share of the net OPEB liability (asset)	\$ (118)	\$ 1,770	\$ 6,785	\$ 8,725	\$ 9,253					
State's proportionate share of the net OPEB liability (asset)	<u>(23)</u>	<u>391</u>	<u>1,389</u>	<u>1,803</u>	<u>1,901</u>					
Total proportionate share of the net OPEB liability (asset)	<u>\$ (141)</u>	<u>\$ 2,161</u>	<u>\$ 8,174</u>	<u>\$ 10,528</u>	<u>\$ 11,154</u>					
Authority's payroll	\$ 18,425	\$ 18,576	\$ 16,840	\$ 15,637	\$ 15,606					
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its payroll (1)	-0.64%	9.53%	40.29%	55.80%	59.29%					
Plan fiduciary net position as a percentage of the total OPEB liability	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, 2022

Last 10 Fiscal Years
(In Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 471	\$ 651	\$ 763	\$ 880	\$ 904	\$ 773				
Contributions in relation to the statutorily required contribution	<u>(471)</u>	<u>(651)</u>	<u>(763)</u>	<u>(880)</u>	<u>(904)</u>	<u>(773)</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Authority's payroll (1)	\$ 19,879	\$ 18,425	\$ 18,576	\$ 16,840	\$ 15,637	\$ 15,606				
Contributions as a percentage of payroll (1)	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.

WEST VIRGINIA PARKWAYS AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEAR ENDED JUNE 30, 2021

Actuarial Changes Pension

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

	Projected Salary Increases			Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation rate		State	Nonstate	Disability Rates
<u>2021</u>	2.75% - 5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018	2.28-45.63%	2.50-35.88%	0.005-0.540%
<u>2020</u>	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%
<u>2019</u>	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%
<u>2018</u>	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%
<u>2017</u>	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%
<u>2016</u>	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%
<u>2015</u>	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%
<u>2014</u>	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
YEAR ENDED JUNE 30, 2021

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
<u>2021</u>	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 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 participant	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.
<u>2020</u>	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.
<u>2019</u>	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.
<u>2018</u>	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.
<u>2017</u>	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.

Statistical Section

West Virginia Parkways Authority

Statistical Section

This part of the West Virginia Parkways Authority's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the Authority's overall financial health.

Contents	Page
Financial Trends	67
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Debt Capacity	69
These schedules contain trend information to help the reader understand the Authority's outstanding debt, the capacity to repay that debt, and the ability to issue additional debt in the future.	
Revenue Capacity	71
This schedule contains trend information to help the reader understand the Authority's capacity to earn revenues and the primary sources of those revenues.	
Demographic and Economic Information.....	72
These schedules offer indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons.	
Miscellaneous Statistics.....	77
This information may provide the reader with more insight into the Authority's financial history and operating environment.	

WEST VIRGINIA PARKWAYS AUTHORITY
CONDENSED SCHEDULES OF NET POSITION
(In Thousands)

	Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>										
Current assets	\$ 225,071	\$ 241,326	\$ 177,299	\$ 135,137	\$ 75,418	\$ 68,601	\$ 61,088	\$ 61,774	\$ 53,678	\$ 49,513
Long-term investments	61,724	-	515	2,982	19,770	27,806	25,603	22,989	26,240	20,401
Other long-term assets	9,602	-	-	-	-	-	-	-	-	-
Capital assets, net	578,362	554,051	522,032	471,790	457,290	451,041	453,833	458,292	458,490	470,889
Deferred outflows of resources	5,445	5,585	3,039	3,270	3,728	8,126	7,402	7,663	7,603	9,717
Total assets plus deferred outflows of resources	<u>\$ 880,204</u>	<u>\$ 800,962</u>	<u>\$ 702,885</u>	<u>\$ 613,179</u>	<u>\$ 556,206</u>	<u>\$ 555,574</u>	<u>\$ 547,926</u>	<u>\$ 550,718</u>	<u>\$ 546,011</u>	<u>\$ 550,520</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>										
Current liabilities	\$ 38,255	\$ 29,687	\$ 22,044	\$ 20,568	\$ 21,012	\$ 21,367	\$ 18,720	\$ 24,704	\$ 20,689	\$ 22,363
Long-term revenue bonds, net	564,747	584,891	172,130	176,886	-	10,523	20,479	29,939	39,084	47,775
Other long-term liabilities	-	7,538	9,079	11,467	14,236	21,465	17,033	14,495	10,039	9,901
Deferred inflows of resources	16,598	6,013	4,504	3,792	3,101	1,201	3,595	6,463	3,316	4,489
Total liabilities plus deferred inflows of resources	<u>619,600</u>	<u>628,129</u>	<u>207,757</u>	<u>212,713</u>	<u>38,349</u>	<u>54,556</u>	<u>59,827</u>	<u>75,601</u>	<u>73,128</u>	<u>84,528</u>
Net position:										
Net investment in capital assets	578,362	554,051	522,032	471,790	447,418	432,154	426,447	422,704	415,153	420,432
Restricted by trust indenture and tri-party agreement	245,543	196,829	145,687	102,227	67,677	65,834	58,626	51,094	56,020	43,824
Restricted for pension benefits	2,055	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	<u>(565,356)</u>	<u>(578,047)</u>	<u>(172,591)</u>	<u>(173,551)</u>	<u>2,762</u>	<u>3,030</u>	<u>3,026</u>	<u>1,319</u>	<u>1,710</u>	<u>1,736</u>
Total net position	<u>260,604</u>	<u>172,833</u>	<u>495,128</u>	<u>400,466</u>	<u>517,857</u>	<u>501,018</u>	<u>488,099</u>	<u>475,117</u>	<u>472,883</u>	<u>465,992</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 880,204</u>	<u>\$ 800,962</u>	<u>\$ 702,885</u>	<u>\$ 613,179</u>	<u>\$ 556,206</u>	<u>\$ 555,574</u>	<u>\$ 547,926</u>	<u>\$ 550,718</u>	<u>\$ 546,011</u>	<u>\$ 550,520</u>

WEST VIRGINIA PARKWAYS AUTHORITY
CONDENSED SCHEDULES OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
(In Thousands)

	Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating revenues:										
Toll revenues	\$ 180,843	\$ 162,989	\$ 154,468	\$ 130,910	\$ 95,288	\$ 93,249	\$ 93,579	\$ 88,697	\$ 84,907	\$ 83,519
Other revenues	<u>5,612</u>	<u>4,273</u>	<u>5,128</u>	<u>7,198</u>	<u>7,182</u>	<u>7,370</u>	<u>7,404</u>	<u>6,797</u>	<u>6,749</u>	<u>6,944</u>
	<u>186,455</u>	<u>167,262</u>	<u>159,596</u>	<u>138,108</u>	<u>102,470</u>	<u>100,619</u>	<u>100,983</u>	<u>95,494</u>	<u>91,656</u>	<u>90,463</u>
Operating expenses:										
Maintenance	24,111	26,179	24,113	22,418	23,599	25,056	24,791	25,488	23,028	21,907
Toll collection	12,382	14,598	13,875	14,143	11,436	9,857	9,566	9,273	9,826	10,332
Traffic enforcement	3,909	3,508	4,074	3,967	2,888	3,231	3,172	3,912	3,487	3,581
General and administrative	8,405	6,833	8,771	9,650	8,291	10,308	11,248	9,093	9,154	9,159
Depreciation	<u>51,463</u>	<u>47,991</u>	<u>46,472</u>	<u>43,734</u>	<u>40,639</u>	<u>37,318</u>	<u>36,929</u>	<u>35,357</u>	<u>36,294</u>	<u>35,595</u>
	<u>100,270</u>	<u>99,109</u>	<u>97,305</u>	<u>93,912</u>	<u>86,853</u>	<u>85,770</u>	<u>85,706</u>	<u>83,123</u>	<u>81,789</u>	<u>80,574</u>
Operating income	86,185	68,153	62,291	44,196	15,617	14,849	15,277	12,371	9,867	9,889
Nonoperating revenues (expenses):										
Investment gains (losses)	(2,254)	123	2,187	1,905	632	280	336	338	302	122
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Interest expense	(10,814)	(5,933)	(5,648)	(5,697)	(1,051)	(2,210)	(2,631)	(2,784)	(3,278)	(3,420)
Payments on behalf	<u>(108)</u>	<u>168</u>	<u>411</u>	<u>552</u>	<u>584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(13,176)</u>	<u>(5,642)</u>	<u>(3,050)</u>	<u>(3,240)</u>	<u>165</u>	<u>(1,930)</u>	<u>(2,295)</u>	<u>(2,446)</u>	<u>(2,976)</u>	<u>(3,298)</u>
Change in net position before transfers	73,009	62,511	59,241	40,956	15,782	12,919	12,982	9,925	6,891	6,591
Transfers out	-	(422,881)	-	(172,000)	-	-	-	-	-	-
Transfers in	<u>14,762</u>	<u>38,075</u>	<u>35,421</u>	<u>13,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	87,771	(322,295)	94,662	(117,391)	15,782	12,919	12,982	9,925	6,891	6,591
Cumulative effect of implementation of GASB Statement 75 (2018) and 68 (2015)	-	-	-	-	1,057	-	-	(7,691)	-	-
Net position, beginning of year	<u>172,833</u>	<u>495,128</u>	<u>400,466</u>	<u>517,857</u>	<u>501,018</u>	<u>488,099</u>	<u>475,117</u>	<u>472,883</u>	<u>465,992</u>	<u>459,401</u>
Net position, end of year	<u>\$ 260,604</u>	<u>\$ 172,833</u>	<u>\$ 495,128</u>	<u>\$ 400,466</u>	<u>\$ 517,857</u>	<u>\$ 501,018</u>	<u>\$ 488,099</u>	<u>\$ 475,117</u>	<u>\$ 472,883</u>	<u>\$ 465,992</u>

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

FINANCIAL RATIOS

	Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Long-term series 2002 revenue bonds to total assets plus deferred outflows of resources	0.00%	0.00%	0.00%	0.00%	0.00%	0.65%	1.28%	1.85%	2.43%	2.95%
Long-term series 2008 revenue bonds to total assets plus deferred outflows of resources	0.00%	0.00%	0.00%	0.00%	0.00%	1.21%	2.39%	3.49%	4.60%	5.58%
Long-term series 2018 revenue bonds to total assets plus deferred outflows of resources	18.44%	20.88%	24.49%	26.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Long-term series 2021 revenue bonds to total assets plus deferred outflows of resources	45.72%	52.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total long-term revenue bonds to total assets plus deferred outflows of resources	64.16%	73.02%	24.49%	26.21%	0.00%	1.86%	3.67%	5.34%	7.03%	8.53%
Net position to total assets plus deferred outflows of resources	29.61%	21.58%	70.44%	65.31%	93.11%	90.18%	89.08%	86.27%	86.61%	84.65%
Long-term bonds to lane miles	1277.71	1372.98	404.06	415.23	0.00	24.70	48.07	70.28	91.75	112.15
Long-term bonds to number of transactions/vehicles	15.48	17.42	5.24	4.75	0.00	0.28	0.55	0.83	1.12	1.39

WEST VIRGINIA PARKWAYS AUTHORITY

REVENUE BOND COVERAGE (1)

(In Thousands)

	Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Toll revenues	\$ 178,589	\$ 163,112	\$ 156,655	\$ 132,815	\$ 95,288	\$ 93,249	\$ 93,579	\$ 88,697	\$ 84,907	\$ 83,519
Adjustment to toll revenues per Trust Indentures	-	-	-	-	(73)	(303)	(356)	(72)	(177)	(81)
Total revenues	<u>178,589</u>	<u>163,112</u>	<u>156,655</u>	<u>132,815</u>	<u>95,215</u>	<u>92,946</u>	<u>93,223</u>	<u>88,625</u>	<u>84,730</u>	<u>83,438</u>
Operating expenses	100,270	99,109	97,305	93,912	86,853	85,770	85,706	83,123	81,789	80,574
Adjustments to operating expenses per Trust Indentures:										
Depreciation	(51,462)	(47,991)	(46,472)	(43,734)	(40,639)	(37,318)	(36,929)	(35,357)	(36,294)	(35,595)
Renewal and replacement provided for by reserves	(2,333)	(2,650)	(2,700)	(1,500)	(2,518)	(2,031)	(2,701)	(2,476)	(3,139)	(2,789)
Economic development and tourism costs	(3,913)	(3,344)	(4,105)	(4,729)	(4,892)	(4,931)	(4,899)	(4,850)	(5,087)	(5,132)
Other	-	-	-	-	(1,355)	641	(2,054)	464	1,801	(1,286)
Total operating expenses	<u>42,562</u>	<u>45,124</u>	<u>44,028</u>	<u>43,949</u>	<u>37,449</u>	<u>42,131</u>	<u>39,123</u>	<u>40,904</u>	<u>39,070</u>	<u>35,772</u>
Net revenues available for debt service	<u>\$ 136,027</u>	<u>\$ 117,988</u>	<u>\$ 112,627</u>	<u>\$ 88,866</u>	<u>\$ 57,766</u>	<u>\$ 50,815</u>	<u>\$ 54,100</u>	<u>\$ 47,721</u>	<u>\$ 45,660</u>	<u>\$ 47,666</u>
Revenue bond coverage items:										
Total debt service	\$ 30,764	\$ 10,282	\$ 10,280	\$ 9,025	\$ 10,140	\$ 10,760	\$ 10,755	\$ 10,577	\$ 10,529	\$ 11,186
Renewal and replacement reserve requirement per recommendation of consulting engineer	<u>20,571</u>	<u>18,700</u>	<u>18,800</u>	<u>16,988</u>	<u>13,184</u>	<u>12,553</u>	<u>13,952</u>	<u>11,187</u>	<u>11,163</u>	<u>10,280</u>
Total debt service and renewal and replacement	<u>\$ 51,335</u>	<u>\$ 28,982</u>	<u>\$ 29,080</u>	<u>\$ 26,013</u>	<u>\$ 23,324</u>	<u>\$ 23,313</u>	<u>\$ 24,707</u>	<u>\$ 21,764</u>	<u>\$ 21,692</u>	<u>\$ 21,466</u>
Coverage percentages:										
Total debt service (125% required since 2019, previously 150%) (1)	<u>442.17%</u>	<u>1147.52%</u>	<u>1095.59%</u>	<u>984.66%</u>	<u>569.68%</u>	<u>472.26%</u>	<u>503.02%</u>	<u>451.18%</u>	<u>433.66%</u>	<u>426.12%</u>
Total debt service and renewal and replacement per recommendation of consulting engineer (100% required)	<u>264.98%</u>	<u>407.11%</u>	<u>387.30%</u>	<u>341.62%</u>	<u>247.67%</u>	<u>217.97%</u>	<u>218.97%</u>	<u>219.27%</u>	<u>210.49%</u>	<u>222.05%</u>

(1) See Note 6, Revenue Bonds Payable

WEST VIRGINIA PARKWAYS AUTHORITY

TRAFFIC STATISTICS

(In Thousands, except per transaction and per mile amounts)

	Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Number of transactions:										
Passenger cars	27,291	24,742	24,487	28,526	28,966	29,146	28,924	28,006	27,154	26,934
Commercial vehicles	<u>9,181</u>	<u>8,838</u>	<u>8,342</u>	<u>8,709</u>	<u>8,484</u>	<u>8,250</u>	<u>8,057</u>	<u>7,890</u>	<u>7,621</u>	<u>7,462</u>
Total transactions	<u>36,472</u>	<u>33,580</u>	<u>32,829</u>	<u>37,235</u>	<u>37,450</u>	<u>37,396</u>	<u>36,981</u>	<u>35,896</u>	<u>34,775</u>	<u>34,396</u>
ETC penetration rate - transactions	<u>56.54%</u>	<u>55.84%</u>	<u>56.81%</u>	<u>49.40%</u>	<u>40.91%</u>	<u>38.83%</u>	<u>37.24%</u>	<u>36.54%</u>	<u>35.70%</u>	<u>34.20%</u>
Number of miles:										
Passenger cars	629,840	565,091	557,353	657,214	671,565	680,261	676,651	651,789	629,908	623,890
Commercial vehicles	<u>381,808</u>	<u>368,352</u>	<u>343,136</u>	<u>354,842</u>	<u>345,291</u>	<u>336,067</u>	<u>328,146</u>	<u>320,245</u>	<u>308,082</u>	<u>300,589</u>
Total miles	<u>1,011,648</u>	<u>933,443</u>	<u>900,489</u>	<u>1,012,056</u>	<u>1,016,856</u>	<u>1,016,328</u>	<u>1,004,797</u>	<u>972,034</u>	<u>937,990</u>	<u>924,479</u>
Total revenues:										
Passenger cars	\$ 81,901	\$ 73,380	\$ 68,727	\$ 64,925	\$ 49,766	\$ 48,847	\$ 50,333	\$ 46,309	\$ 44,032	\$ 43,429
Commercial vehicles	<u>98,942</u>	<u>89,609</u>	<u>85,741</u>	<u>65,985</u>	<u>45,522</u>	<u>44,402</u>	<u>43,246</u>	<u>42,388</u>	<u>40,875</u>	<u>40,090</u>
Total toll revenues	<u>\$ 180,843</u>	<u>\$ 162,989</u>	<u>\$ 154,468</u>	<u>\$ 130,910</u>	<u>\$ 95,288</u>	<u>\$ 93,249</u>	<u>\$ 93,579</u>	<u>\$ 88,697</u>	<u>\$ 84,907</u>	<u>\$ 83,519</u>
ETC penetration rate - revenue	<u>63.57%</u>	<u>62.29%</u>	<u>61.07%</u>	<u>55.24%</u>	<u>48.34%</u>	<u>45.66%</u>	<u>43.63%</u>	<u>42.15%</u>	<u>40.80%</u>	<u>39.09%</u>
Toll revenue per transaction:										
Passenger cars	\$ 3.00	\$ 2.97	\$ 2.81	\$ 2.28	\$ 1.72	\$ 1.68	\$ 1.74	\$ 1.65	\$ 1.62	\$ 1.61
Commercial vehicles	10.78	10.14	10.28	7.58	5.37	5.38	5.37	5.37	5.36	5.37
Toll revenue per mile:										
Passenger cars	\$ 0.130	\$ 0.130	\$ 0.123	\$ 0.099	\$ 0.074	\$ 0.072	\$ 0.074	\$ 0.071	\$ 0.070	\$ 0.070
Commercial vehicles	0.259	0.243	0.250	0.186	0.132	0.132	0.132	0.132	0.133	0.133
Miles per transaction:										
Passenger cars	23	23	23	23	23	23	23	23	23	23
Commercial vehicles	42	42	41	41	41	41	41	41	40	40

WEST VIRGINIA PARKWAYS AUTHORITY

NUMBER OF EMPLOYEES

	Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Permanent employees										
Toll	149	151	136	138	152	154	156	160	156	160
Maintenance	164	162	148	146	158	159	147	145	146	141
Other	83	69	84	86	66	61	60	55	57	53
	396	382	368	370	376	374	363	360	359	354
Temporary	38	55	52	73	62	75	76	74	78	43
Leased employees										
State Police and Public Service Commission	29	29	30	31	32	30	28	28	29	31
Tamarack	82	76	105	120	132	134	144	132	147	149

Source: West Virginia Parkways Authority

TRAFFIC ACCIDENT STATISTICS

	Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Number of fatalities	4	5	4	13	9	8	7	5	1	8
Fatality rate per 100 million miles traveled	0.4	0.5	0.4	1.3	0.9	0.8	0.7	0.5	0.1	0.9

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

POPULATION DEMOGRAPHICS

	Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Population - WV (1)	1,793,716	1,793,716	1,852,994	1,852,994	1,852,994	1,852,994	1,852,994	1,852,994	1,852,994	1,852,994
Personal income - WV (\$ in thousands) (2)	\$ 85,541,000	\$ 80,304,100	\$ 75,952,800	\$ 73,334,400	\$ 69,872,741	\$ 68,548,511	\$ 68,272,316	\$ 67,804,094	\$ 66,037,342	\$ 63,968,460
Per capital personal income - WV (2)	\$ 47,689	\$ 44,994	\$ 42,336	\$ 40,578	\$ 37,708	\$ 37,386	\$ 37,047	\$ 36,644	\$ 35,613	\$ 34,477
Unemployment Rate - WV (3)	5.30%	10.50%	10.50%	4.70%	4.60%	4.60%	6.00%	7.40%	6.20%	7.30%

(1) Data based on the US Decennial Census

(2) Bureau of Economic Analysis

(3) Work Force WV Labor Market Information

Principal Employers in the State of West Virginia

	Ranking	
	2022*	2012
Local Government	1	1
State Government	2	2
Federal Government	3	3
WVU Medicine (formerly West Virginia United Health)	4	5
Wal-Mart Associates, Inc.	5	4
Charleston Area Medical Center, Inc.	6	6
Mountain Health System	7	
Kroger	8	7
Lowe's Home Centers, Inc.	9	9
Contura Energy	10	
Mon Health	11	
American Consolidated Natural Resources, Inc.	12	8
Mylan Pharmaceuticals, Inc.	13	10
Mentor Management, Inc.		11
St. Mary's Medical Center, Inc.		12
American Electric Power		13

Source: WorkForce WV

* Most Current Data Available

Note: Due to confidentiality issues, the number of people employed is not available.

Population - WV

White	1,669,950	93.10%
Black	66,368	3.70%
Native American	3,587	0.20%
Asian & Pacific Islanders	14,350	0.80%
Two or more Races	39,461	2.20%
Total Population	1,793,716	100.00%

WEST VIRGINIA PARKWAYS AUTHORITY

Significant Dates

June 30, 2022

February 1947	West Virginia Turnpike Commission created by State Legislature
October 1949	West Virginia Turnpike Commission organized
April 1952	\$96 million revenue bonds issued to construct Turnpike
August 1952	Groundbreaking
April 1954	\$37 million revenue bonds issued
September 1954	36 miles of Turnpike opened (Princeton to Beckley)
November 1954	Final 52 miles of Turnpike opened (Beckley to Charleston)
August 1971	Tri-Party Agreement of 1971
May 1973	Commenced first contract for upgrade to interstate standards
December 1979	Interest paid up-to-date on 1952 and 1954 bonds for first time
October 1982	First bonds retired from 1952 and 1954 issues
September 1987	Final upgrade to interstate standards
July 1988	Final segment of I-64 completed
December 1988	Tri-Party Agreement of 1988
June 1989	West Virginia Parkways, Economic Development and Tourism Authority created to succeed the West Virginia Turnpike Commission by State Legislature
November 1989	Issued \$143 million of Revenue Bonds
November 1989	Removed side toll charges
April 1990	Implemented commuter passes at North Beckley
March 1991	The GFOA awarded the Authority a Certificate of Achievement for Excellence in Financial Reporting for the Authority's first component unit financial report for the year ended June 30, 1990

WEST VIRGINIA PARKWAYS AUTHORITY

Significant Dates (Continued)

June 30, 2022

March 1993	Issued \$118 million of Series 1993 Revenue Refunding Bonds resulting in approximately \$5.2 million in net present value savings
January 1994	Implemented Parkways Authority Commuter ("PAC") card program
December 1994	Issued \$9 million of Series 1994 Raleigh County, West Virginia Commercial Development Revenue Bonds to partially finance construction of <i>TAMARACK-The Best of West Virginia</i> arts and crafts center
May 1996	Opened <i>TAMARACK-The Best of West Virginia</i> and the new Beckley Interchange (Exit 45)
December 1999	New Electronic Toll Collection System with E-ZPass interoperability through Inter Agency Group membership began operations at the Ghent toll facility. The remaining mainline toll facilities began operation in January 2000 and North Beckley began operations in March 2000
December 2001	Issued \$5.7 million of Series 2001A Taxable Commercial Development Refunding Revenue Bonds and \$5.9 million of Series 2001B Commercial Development Bonds to advance refund series 1994 and 1996 Bonds and to construct Educational, Cultural, and Banquet facilities at the Caperton Center
February 2002	Issued \$44.2 million of Series 2002 Refunding Revenue Bonds to advance refund for savings \$36 million of Series 1993 Bonds
February 2003	Issued \$63.9 million of Series 2003 Variable Rate Demand Revenue Refunding Bonds to advance refund for savings \$61.3 million of Series 1993 Bonds
June 2003	Opened Tamarack Conference Center
February 2004	House Bill #4033 adopted raising bonding capacity to \$200 million
November 2004	Celebrated 50 th Anniversary of the WV Turnpike
January 2006	Tolls rates increased for first time since 1981
February 2006	Court orders Preliminary Injunction on procedural issues and orders rates put back to December 31, 2005 levels. Accordingly, Parkways Board passes resolution eliminate rate increases

WEST VIRGINIA PARKWAYS AUTHORITY

Significant Dates (Continued)

June 30, 2022

March 2006	Senate Bill #557 adopted that restricts bonding authority, requires public notice and hearings for future toll or rate increases, and requires discount program prior to any increase in rates
April 2007	Board adopted Resolution to refocus the core mission of the Parkways Authority to maintenance and upkeep of the Turnpike
July 2008	Issued \$59.1 million of Series 2008 Variable Rate Demand Revenue Refunding Bonds to advance refund for savings Series 2003 Bonds
August 2009	Adopted new toll rate schedule, the first increase in 28 years. Cash toll rates increased 60% and discounts given to E-ZPass users
July 2010	Renamed and reorganized as the West Virginia Parkways Authority
December 2011	Completed upgrade of electronic toll collection system
April 2012	Board approval of the final Incident Management Plan including use of new detour system and barrier wall gates
June 2017	Senate Bill #1003 adopted authorizing Authority to continue collecting tolls, deposit proceeds from Revenue Bonds to be deposited to State Road Construction Account and requires adoption of Single Fee program
June 2018	Tri-Party Agreement of 2018
August 2018	Issued \$166.37 million of Series 2018 Senior Lien Turnpike Toll Revenue Bonds and deposited \$172.0 million to State Road Construction Account
August 2018	Memorandum of Understanding with WVDOH regarding Turnpike Widening Project
January 2019	Adopted new toll rate schedule. Cash toll rates increased 100% with discounts given to E-ZPass users including single fee program
June 2021	Issued \$333.63 million of Series 2021 Senior Lien Turnpike Toll Revenue Bonds and deposited \$422.88 million to State Road Construction Account

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

Miscellaneous Data and Statistics

June 30, 2022

Length of West Virginia Turnpike	88 miles
Number of lane miles	442
Number of bridges	116
Steel surface of bridges	4 million square feet
Interchanges	18
Toll plazas	4
Service plazas	3
Welcome Center	1
Rest areas	2
Overlooks	2
Maintenance areas	7
Administration building	1
State Police administration buildings	2

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

Toll Rates and Vehicle Classifications

June 30, 2022

Toll Class	Axles	Description	Cash Rate	
			Mainline Plazas	Corridor "L" (U.S. Route 119)
1*	2	Passenger car	\$ 4.25	\$ 0.75
2*	3+	Passenger car with trailer	5.25	1.50
3	2/3	Motor home	5.25	1.50
4	3+	Motor home with trailer	6.75	2.75
5	2	2-Axle, dual tire trucks, RVs and buses	6.75	1.50
6	3	3-Axle trucks and buses	9.50	2.75
7	4	4-Axle trucks and semi-trailers	13.75	3.50
8	5	5-Axle trucks and semi-trailers	14.25	3.50
9	6+	6-Axle trucks and semi-trailers	20.00	5.00
10	-	Oversize trucks	25.25	15.25

* Vehicle must be less than 7'6" in height. Passenger cars include station wagons, pickups, vans, panel trucks, recreational vehicles, sport utility vehicles, motorcycles, and other two axle single-tired trucks.

DISCOUNT PLANS

Single Fee Discount Plan

Valid for Personal Account plans beginning January 1, 2019. Cost is \$26.25 (plus one-time transponder issuance fee of \$13) per transponder for unlimited use of the entire West Virginia Turnpike for a period of one year from date of activation. Single Fee Discount Plans and transponders are non-refundable.

Commercial Discount Plan – West Virginia E-ZPass Account

There is a \$25.00 charge for the purchase of each E-ZPass® transponder (non-refundable). The plan provides a 35% discount from the cash rate for Toll Class 1 through 4 and a 20% discount for Toll Class 5 through 10.

Example: For a 5-axle tractor-trailer, the cost per toll plaza of \$10.92 will be deducted from an E-ZPass® pre-paid account as opposed to a cash rate of \$13.75.

Commercial Discount Plan – Non-West Virginia E-ZPass Account

Accounts are opened and managed by other E-ZPass® agencies, so there is no account maintenance or charge for transponders. The plan provides a 13% discount from the cash rate for Toll Class 5 through 10.

Example: For a 5 axle tractor-trailer, the cost per toll plaza of \$11.89 will be charged to a Non-West Virginia E-ZPass® account, as opposed to the cash rate of \$13.75.

Source: West Virginia Parkways Authority

