COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Fiscal Years Ended June 30, 2013 and 2012

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

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2013 and 2012

Prepared by:

Director of Finance,
West Virginia Parkways Authority

West Virginia Parkways Authority

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2013 and 2012

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Introductory Section

West Virginia Parkways Authority

West Virginia Parkways Authority

List of Authority Members, Administrative Staff, and Professional Consultants

Authority Members		**Date Appointed**	**Term Expires**
Chairman	The Honorable Earl Ray Tomblin Governor, State of West Virginia	November 16, 2010	(1)
Governor's Designee Chairman	Jason C. Pizatella	January 29, 2013	(1)
Secretary of Transportation	Paul A. Mattox, Jr.	June 9, 2006	(1)
Vice Chairman, 3rd Congressional District	Mike Vinciguerra	June 2, 2006	May 31, 2014
Secretary, 1st Congressional District	Tom Mainella	July 10, 2010	June 30, 2015
3rd Congressional District	Bill Seaver	July 9, 2007	June 30, 2015
3rd Congressional District	Douglas M. Epling	January 29, 2009	May 31, 2017
2nd Congressional District	Victor Grigoraci	June 23, 2011	May 31, 2016
1st Congressional District	William Cipriani	May 10, 2013	June 30, 2014
3rd Congressional District	Vacant		

Administrative Staff

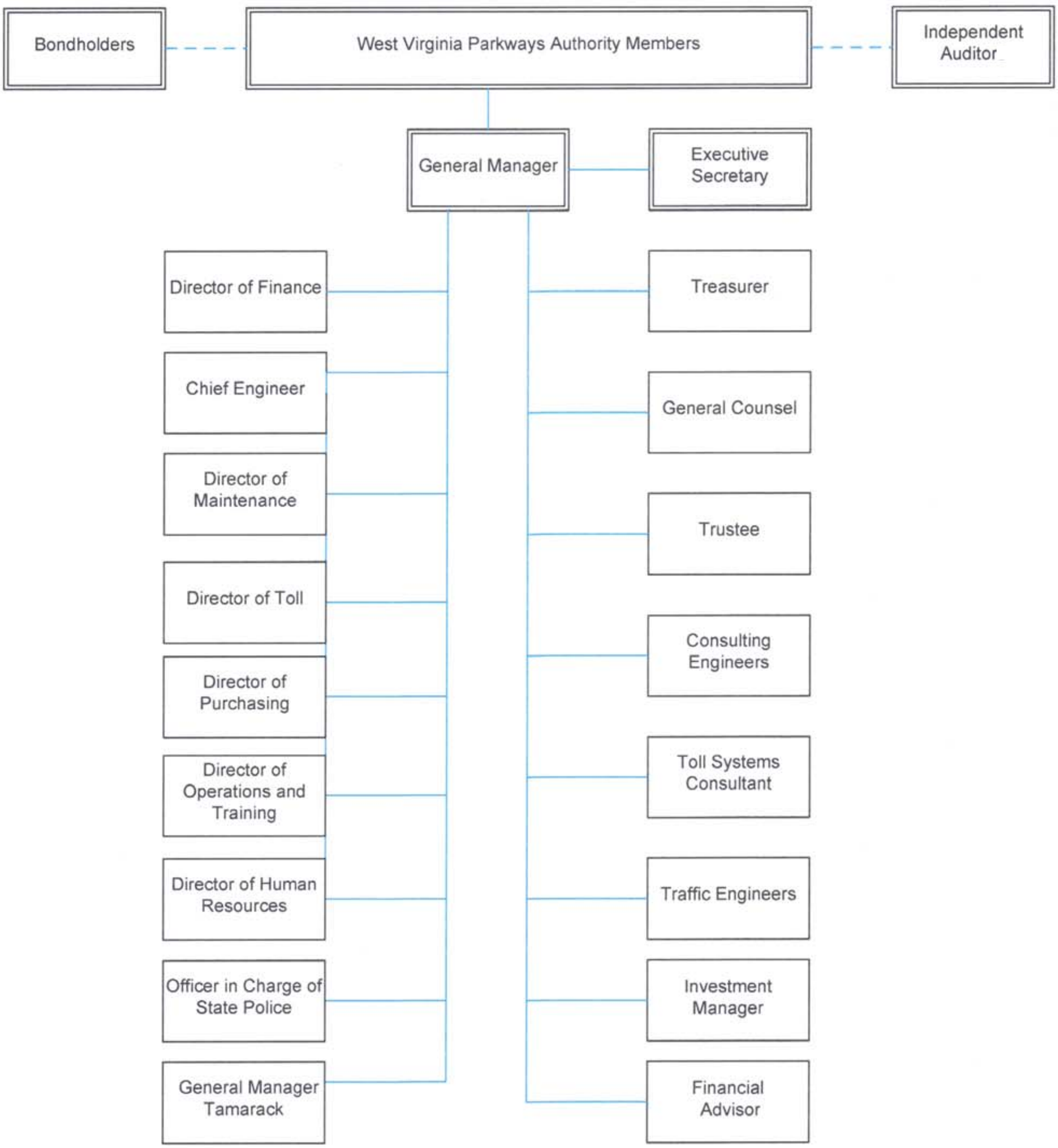
General Manager	Gregory C. Barr
Executive Secretary	Teresa G. Nissel
General Counsel	A. David Abrams, Jr.
Treasurer	David H. Rollins
Director of Finance	Parrish T. French
Chief Engineer	Ronald B. Hamilton
Director of Maintenance	James F. Meadows
Director of Tolls	F. Steven Maynard
Director of Purchasing	Shelley Clay
Director of Operations and Training	Tyrone C. Gore
Director of Human Resources	Carrie Roache
Officer in Charge of State Police	Captain Barry C. Marcum
General Manager - Tamarack	Cheryl Hartley
Deputy General Manager Tamarack	Dwight Trent

Professional Consultants

Trustee	United Bank, Inc., Charleston, West Virginia
Independent Auditor	Suttle & Stalnaker, PLLC, Charleston, West Virginia
General Counsel	Abrams & Byron, Beckley, West Virginia
Bond Counsel	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 a board member.

West Virginia Parkways Authority
Organization Chart



EARL RAY TOMBLIN
Governor

WEST VIRGINIA PARKWAYS AUTHORITY

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December 4, 2013

The Honorable Earl Ray Tomblin, Governor and
The Honorable Members of the West Virginia Parkways Authority

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the West Virginia Parkways Authority (the Authority) for the fiscal year ended June 30, 2013. Responsibility for both the fair presentation of the data, and the completeness and fairness of the presentation, including the disclosures, rests with the Authority. To the best of our knowledge and belief, the accompanying data is fairly presented in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Authority. Disclosures necessary to enable readers to gain an understanding of the Authority’s financial activities have been included. Readers of these financial statements are encouraged to review Management’s Discussion and Analysis (MD&A) for an overview of the Authority's financial position and the results of its operations.

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 comprehensive annual 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 l947. 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 in 1958 it was incorporated into the nationwide Interstate and Defense Highway System. 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 through the use of 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 June, 1994. These repaid funds were used by the Department for highway projects located within 75 miles of the Turnpike.

The Turnpike System

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.

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 accounts for over 20% of total transactions and approximately 50% of toll revenues. The Turnpike is also important to summer and holiday travelers. Average daily passenger car traffic increases by approximately 28% during the summer travel months of June, July and August. Approximately 76% of toll revenues are collected from out-of-state vehicles.

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 deferred maintenance and capital needs. It is important to note that the Turnpike does not receive any State or Federal funds to assist with its maintenance or operations.

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 where there is also a toll barrier facility.

The Authority is an associate member of the E-ZPass® Group which develops guidelines for and facilitates the electronic collection of tolls among 25 toll agencies from 15 states in 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 15 million accounts, 24 million tags and the collection of over $6 billion dollars in electronic toll revenues. The West Virginia Turnpike processes 34.2% of toll transactions and collects 39.1% of toll revenue with the E-ZPass® system.

Highway and Bridge Rehabilitation Projects

Effective August 1, 2009 the Authority adopted a new toll rate schedule, its first rate increase in over 28 years. As a result, the Authority has 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 increased toll revenues will be used to alleviate an estimated $335 million in essential deferred maintenance and capital needs backlog, including $242 million for paving.

Beginning in 2010, patrons began to see significant improvements in pavement ride quality on some sections of the Turnpike. By May, 2011, approximately 46% of pavements were condition assessed as good or very good compared to approximately 40% a year earlier. Projects for the 2012 and 2013 construction seasons were major pavement rehabilitation and paving between Mahan and Standard, mileposts 66 to 74, and mill and inlay work on high priority areas over the entire Turnpike. Following Memorial Day, the majority of work is performed at night, Monday through Thursday from 6:00 p.m. to 6:00 a.m., in order to keep traffic delays at a minimum.

Maintenance Management System

In April 2011, the Authority Maintenance Division completed the last phase of its Maintenance Management System (MMS) implementation. The MMS had been under development since 2005; however, due to budget constraints the system had been only partially implemented. In late 2009, the Division received funding to complete the full MMS implementation.

Through a competitive proposal process, the Division selected Agile Assets to provide software for the final MMS phase. Dye Management Group of Seattle, Washington assisted with software configuration and customization. The Division now has a state-of-the-art asset management system that provides management decision support in the areas of:

- Needs assessment
- Planning, programming and budgeting
- Resource management
- Work program tracking and execution
- Asset performance monitoring
- Facilities management

As a result of full MMS implementation, the Authority now has a modern management approach to improve efficiency and reduce overall asset life cycle cost.

Incident Management Plan

In response to the major historic snowstorm that occurred on December 18-19, 2009, the Authority met with the Federal Highway Administration's Emergency Response Review Team to evaluate the Authority's incident management program. The Federal recommendations were in the following categories:

- Preparation and Planning;
- Public Safety;
- Communication – Internal;
- Communication - External; and
- Incident Management.

As a result of this review, when there is a prediction of a snow storm of 6"+ snow or a severe ice storm, the Parkways Authority prepares as follows: reallocation of available 4-wheel drive pickups to the snow fighting efforts; allowing critical maintenance managers to drive their trucks home during the snow season; prepositioning extra crews and equipment from Facilities, Heavy Equipment and Mechanic Shops to support road crews when severe weather is forecasted; establishing a maintenance command center at the central Beckley maintenance facility when severe weather is forecasted; purchasing extra supplies and equipment to assist during the actual snow event such as tire chains, tow straps, etc.; prepositioning a small supply of meals ready to eat and water for distribution by maintenance personnel (any large scale distribution will be handled by emergency agencies during extreme events); prepositioning four (4) heavy equipment tandem dump trucks to assist with snow plowing during periods of heavy snow fall; prepositioning a motor grader to assist with snow removal and freeing stranded vehicles; participating in pre-storm conference calls with the National Weather Service, WV Division of Highways (WVDOH), Department of Homeland Security and Emergency Management and others to assess resources and validate situation. In addition, four (4) emergency access gates were installed on the north end of the Turnpike. They are located along a section of the Turnpike that has a median concrete barrier wall that prevents motorists from detouring during emergencies. An Incident Management Plan has been established to include procedures to open the gates and designate detour routes during an emergency.

The WVDOH used Federal Highway stimulus funds to install nineteen (19) new dynamic message signs and twenty-three (23) closed circuit TV cameras on the Turnpike and its feeder roads. The cameras are able to transmit data not only to the Turnpike Operations Center, but also to the West Virginia Division of Highways' Traffic Management Center (TMC). The Authority's radio system has been integrated into the TMC's radio system and the system is being integrated with the 911 centers that service the Turnpike's area. This robust system provides immediate notification if a 911 center is aware of an incident and, conversely, 911 centers have real time information on WVDOH and Authority incidents. In total, approximately $5.3 million in Federal Highway stimulus funds were provided to the Authority from the Department for the emergency gates, dynamic message signs, closed circuit television cameras, and the upgrades to the Authority's traffic management center.

In April 2012, the Board approved the final Incident Management Plan which includes provisions for various detours in the event the Turnpike needs to be closed for any reason. When a detour is put into place, motorists will be assisted onto the detour via the use of overhead and portable message signs, traffic control, flaggers, police officers, media reports and the toll plaza personnel. As they are traveling on the detour route to reach their destination, the permanent detour signs will assure them that they are traveling in the right direction. These detour routes have to be able to accommodate tractor trailers and have amenities, such as food, gas and lodging.

Upgraded Electronic Toll Collection System

An upgraded toll collection system went online in December, 2011. The former system was over ten years old and in critical need of replacement. The toll system integrator, TransCore, was responsible for designing, installing, testing and maintaining the 5 plaza, 42-lane toll collection system. A notice to proceed was issued to TransCore, on October 8, 2010. The upgraded toll collection system replaced the lane software and lane equipment. In addition, all plaza, host and back office management software was replaced, and additional functionality such as on-line statements and renewals was added. There were upgrades to the toll plaza signage and “stop and go” lights, but the customers did not see any major changes at the plazas. Customers have seen the most changes in their ability to access and manage their accounts on-line via the internet.

2010 Reorganization

During the 2010 West Virginia Legislature Regular Session, Governor Joe Manchin introduced legislation which was subsequently approved, to rename and reorganize the Authority as the West Virginia Parkways Authority. The intent of this legislation is to facilitate exploring the possibility of utilizing the Authority's institutional knowledge and experience in toll collection at potential new tolling projects within the State. The structure of the Authority's governance board was expanded to nine members and will transition to eventually include two members from each of the State's three congressional districts, one at-large member, the Secretary of Transportation and the Governor or his designee, as Chairman. Newly appointed members will be appointed to a term of five years, rather than the traditional eight year terms.

The Legislation clarified the Authority's working relationship with the Department and allows the Authority to issue revenue bonds for any projects that might be identified as feasible. The legislation established specific procedures relating to the final approval of any such project including the establishment of local advisory committees to counsel the applicable County Commissions who must approve the concept of tolling for projects located in their counties.

SERVICES PROVIDED

A number of convenience and safety services are offered to patrons of the West Virginia Turnpike.

Traffic Management and Safety

The Turnpike is patrolled by a 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 two Public Service Commission (PSC) officers whose focus is inspection and enforcement of commercial vehicle safety and operating regulations.

The Authority also provides a "Courtesy Patrol" to assist 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.

In March 2012, the Board approved funds to design a project for a new 2,200 square foot State Police detachment in Charleston. This new building will be used by the State Police Troop 7 Parkways Division that serves the traveling public on the Turnpike. The existing building was constructed in the 1950’s and it was impractical and cost prohibitive to rehabilitate. This building was demolished in August 2012. The new building was completed in July, 2013 and a ceremony was held August 8, 2013 dedicating the facility in honor of the late C. Cameron “Cam” Lewis II, an Authority Board Member from 2006-2013 who was especially committed to safety and law enforcement on the Turnpike.

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 provide skid resistant surfaces and help seal the bridge deck from salt intrusion and sizable spot painting contracts which help to preserve the steel structures. An improvement in vegetation control was noted and can be attributed to the purchase of a boom mower with brush cutting heads and a high reach tree trimmer attachment for the Gradall.

Travel Plazas and Tourist Information Centers

The Authority has contracted with two private companies to operate restaurants and service stations at three travel plazas on the Turnpike. The facilities provide convenient service to Turnpike travelers and also serve as tourist information centers. 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. 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.

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 became responsible for the promotion and enhancement of the State tourism industry and to assist in economic and tourism development opportunities. The Authority designated revenues from restaurants and service stations to be used for this new responsibility. No toll revenues were used for economic development and tourism projects. During the April 12, 2007 Authority board meeting, a resolution was passed to refocus the Authority's core and principal mission to 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, have been eliminated. Legislation approved in 2010 further restricted the Authority from future involvement in any such economic development projects.

Accounting Policies and Internal Controls

The Authority's accounting policies are briefly described in Note 1 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.

In June 2012, the Authority voted to participate in the State of West Virginia’s Enterprise Resource Planning (ERP) project as an agency of the Department of Transportation. The ERP system is a server-based accounting system that will tie all state agencies together providing more efficient accounting, management and transparency. This system will also provide new software for employee payroll, purchasing, accounting, and maintenance management among others. The Authority is scheduled to implement the general ledger, accounts payable and purchasing modules effective July 1, 2014. Human resources and payroll modules will be implemented January 1, 2015.

Tri-Party Agreement of 1988 and Trust Indentures

In 1971, the Turnpike Commission, the 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 all maintenance of the improved facility utilizing toll revenues. The 1971 agreement was superseded and replaced in 1988.

The 1988 agreement specifies (a) that tolls collected be used only on the Turnpike for construction and reconstruction costs, and for costs necessary for operations, maintenance, payment and refinancing of debt service including resurfacing, reconstruction, rehabilitation and restoration; (b) that any bonds issued or any costs incurred will not cause tolls to be increased to an unreasonable amount, and that prior to issuing any bonds the Authority will notify the Department and FHWA of the total amount to be issued and the specific amounts and purposes for which proceeds of such bonds are to be used; and (c) that all records are subject to audit by the Department and/or FHWA.

Operations of the Authority are also controlled by the provisions of a Trust Indenture, dated February 15, 1993, as supplemented. 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, 2013 and 2012.

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 comprehensive annual financial report for each of the 23 years through the period ended June 30, 2012, 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 comprehensive annual 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 comprehensive annual 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,

Gregory C. Barr, General Manager

Parrish T. French, Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Virginia

Parkways Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Financial Section

West Virginia Parkways Authority

Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013 and 2012, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, in fiscal year 2013, the Authority adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The introductory section and statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 3, 2013

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, 2013 which should be read in conjunction with the Authority's basic financial statements. Certain amounts presented in the prior period have been restated to conform to the current period financial statements presentation, as a result of the implementation of new accounting standards.

FINANCIAL HIGHLIGHTS

- The total number of transactions on the West Virginia Turnpike during fiscal year 2013 decreased 1.9 percent from fiscal year 2012. The reduction in transactions and increased use of E-ZPass® discount programs was offset by enhanced revenue due to procedures implemented with the recently upgraded electronic toll collection system so that total toll revenues only decreased by 0.5 percent.

- In conjunction with the adoption of the new toll rate schedule in August 2009, the Authority implemented a ten-year program to address the approximately $335 million backlog of essential deferred maintenance and capital needs identified with the Authority's consulting engineers. In addition to the increased activity of the Authority's own maintenance staff, the Authority has committed to $91.0 million of roadway reconstruction, rehabilitation and repair contracts since the rate increase.

- Excluding depreciation, operating expenses decreased $2.1 million or 4.5 percent from 2012 due to a substantial decrease in the annual required contribution to amortize the State's liability for future health care costs of retired employees.

Basic Financial Statements

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

Overview of the Financial Statements

This discussion and analysis are 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 capital and related financing activities, and cash flows from investing activities.

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

FINANCIAL ANALYSIS

Operating Revenue

After experiencing a pattern of monthly year over year increases in toll transactions from December 2011 through June 2012, beginning in late summer/early fall the pattern reversed culminating in a decrease of 1.9 percent in total transactions for fiscal year 2013 from 2012. The revenue loss from the reduction in transactions, coupled with revenue loss from the increased use of available E-ZPass® discount programs was offset by enhanced revenue from systems implemented with the upgraded electronic toll collection system, so that total toll revenues only decreased by 0.5 percent for the year. The Authority's 2012 toll revenues exceeded those of the previous year by $1.9 million or 2.4 percent due mainly to increased large, commercial truck traffic and the associated higher tolls.

CHANGES IN NET POSITION INFORMATION
(in Thousands)

	2013	2012	2011	Change '13-'12
Revenues:				
Operating revenues:				
Toll revenues	$ 83,519	$ 83,907	$ 81,960	(0.5)%
Other revenues	6,944	7,217	7,010	(3.8)%
Nonoperating revenues:				
Net investment revenue	122	242	355	(49.6)%
Intergovernmental revenue	-	-	2,834	0.0%
Total revenues	90,585	91,366	92,159	(0.9)%
Expenses:				
Operating expenses:				
Maintenance	21,907	22,337	23,827	(1.9)%
Toll collection	10,332	11,411	10,984	(9.5)%
Traffic enforcement	3,581	3,744	3,188	(4.4)%
General and administrative	9,159	9,590	9,446	(4.5)%
Depreciation	35,595	32,924	32,227	8.1%
Nonoperating expenses:				
Interest expense	3,420	4,213	4,630	(18.8)%
Total expenses	83,994	84,219	84,302	(0.3)%
Change in net position	6,591	7,147	7,857	(7.8)%
Net position, beginning of year	459,401	452,254	444,397	
Net position, end of year	$ 465,992	$ 459,401	$ 452,254	

Intergovernmental revenue in 2011 is related to funding received for installation of new variable message signs, closed circuit cameras and radio control equipment along the Turnpike. No such programs existed in 2012 or 2013.

In early 2009, the Authority engaged its consulting engineer, HNTB Corporation, to make a recommendation based on its study of the Turnpike's needs for estimated operating expenses, renewal and replacement requirements and essential deferred maintenance and capital needs. Factors prompting this decision included a combination of increasing costs and declining traffic and toll revenues exacerbated by the global economic recession, a growing backlog of essential deferred maintenance and capital needs and the potential for a technical default on the Turnpike Bonds. The technical default could have occurred if the Authority had adopted a fiscal year 2010 budget based on the old toll rate schedule and the debt service coverage requirement under its bond indentures had not been met.

In April 2009, the consulting engineers recommended the Authority implement a ten-year program to address the backlog of essential deferred maintenance and capital needs estimated to cost $335 million. It was estimated that the Authority would need just over $20 million of additional revenue for fiscal year 2010 increasing each future fiscal year by approximately 4% per year for inflation and escalation. The additional toll revenue is anticipated to fully fund this program without the issuance of additional debt by the Authority.

Concurrently, the Authority engaged its traffic engineer to study and report on recent transaction and revenue trends and to develop traffic and revenue forecasts under the previous toll rate schedule as well as under various levels of toll rates, and to make a recommendation as to the least increase in toll rates, combined with the largest discount for electronic toll customers, that is estimated to produce enough annual toll revenue to meet the ten year program as outlined by the consulting engineer.

On July 1, 2009, the Authority adopted a new toll and discount rate schedule that became effective August 1, 2009. Cash toll rates were increased by approximately 60% from $1.25 to $2.00 per barrier for passenger cars and from $4.25 to $6.75 per barrier for 5-axle tractor-trailers. All other classes were increased proportionately. As required by State Code, discounts for all classes of vehicles paying by electronic transponders issued by the Parkways Authority was also adopted. For passenger cars, the discount for paying with an Authority issued E-ZPass® transponder is 35%. For commercial trucks, the discount for using any E-ZPass® is 13%, and for using an Authority issued E-ZPass® is 20%.

Beginning in the fiscal year ended June 30, 2010, toll revenues exceeded projections allowing the Authority to proceed with the plan ahead of schedule. A total of approximately $91.0 million of roadway reconstruction rehabilitation and repair contracts have been approved since the rate increase.

Operating Expenses

For the year ended June 30, 2013, operating expenses were substantially similar as the prior year except for an expected substantial decrease in the Authority's Annual Required Contribution (ARC) due under the State's Other Post Employment Benefits (OPEB) plan related to retiree health insurance. Previously the Authority accrued an average $2.75 million per year in liability. Due to a funding plan established by the State, for 2013 and beyond, estimated liability under the plan will increase only approximately $0.1 million per year.

After suffering through two winters of above average snowfall and the associated maintenance costs, a very mild winter propelled a reduction in maintenance costs of $1.5 million for 2012.

Non-operating Revenue and Expense

Interest expense decreased 18.8% in 2013 and 9.0% in 2012 due to the amortization of principal and the stabilization of the Authority's variable interest rate associated with the Series 2008 Toll Revenue Bonds. Net investment revenue has continuously decreased as a result of the historically low interest rates on low risk securities such as those held as investments by the Authority.

CONDENSED STATEMENTS OF NET POSITION INFORMATION
(in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2013	2012	2011	Change '13-'12
Current assets	$ 43,238	$ 42,259	$ 62,391	2.3%
Long-term investments	26,676	24,528	8,662	8.8%
Capital assets, net	470,889	470,161	466,398	0.2%
Deferred outflows	9,717	12,481	13,046	(22.1)%
Total assets plus deferred outflows	$ 550,520	$ 549,429	$ 550,497	0.2%
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current liabilities	$ 22,657	$ 18,356	$ 21,516	23.4%
Long-term revenue bonds	47,775	55,836	63,881	(14.4)%
Other long-term liabilities	9,607	9,522	6,908	0.9%
Deferred inflows	4,489	6,314	5,938	(28.9)%
Total liabilities plus deferred inflows	84,528	90,028	98,243	(6.1)%
Net position:				
Net investment in capital assets	420,432	412,527	408,157	1.9%
Restricted	43,824	45,127	40,961	(2.9)%
Unrestricted	1,736	1,747	3,136	(0.6)%
Total net position	465,992	459,401	452,254	1.4%
Total liabilities, deferred inflows and net position	$ 550,520	$ 549,429	$ 550,497	0.2%

Assets

The Authority's cash and investment account balances remained stable for fiscal year 2013 compared to 2012. Because of the expenditures made relating to capital improvements, cash and investments decreased by $3.8 million in 2012 after increasing by $10.1 million in fiscal year 2011. For the year ended June 30, 2013, net capital assets increased by $0.7 million as the result of capital improvements of $36.3 million that were offset by $35.6 million of depreciation expense. These expenditures included $28.3 million in roadway rehabilitation and resurfacing and $4.3 million in bridge repairs and maintenance. For the year ended June 30, 2012, net capital assets increased $3.8 million with capital improvements of $36.7 million less depreciation expense of $32.9 million. See Note 5 of the financial statements for more detailed information on the Authority's capital assets.

Liabilities

For the year ended June 30, 2013, total liabilities and deferred inflows of resources decreased $5.5 million. Current liabilities increased due to the timing of invoices related to construction contracts in progress. Regularly scheduled principal maturities contributed to the decrease in long-term debt.

For the year ended June 30, 2012, total liabilities and deferred inflows of resources decreased $8.1 million. Regularly scheduled long-term principal maturities were offset by amortization related to accrued post-employment benefits. Current liabilities decreased by the timing of construction contracts in progress.

See Note 6 of the financial statements for more detailed information on the Authority's long-term debt.

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

Agency	Rating
Standard & Poor's	AA-
Moody's Investors Service	AA3

FACTORS IMPACTING FUTURE OPERATIONS

In August, 2012, the Governor established The West Virginia Blue Ribbon Highway Commission to study the condition and needs of the State's transportation system and to develop a long-term strategic plan of action. The plan will include funding options for the maintenance, construction and expansion of the State's roadway system and may include recommendations related to tolls on the West Virginia Turnpike. The Blue Ribbon Highway Commission will present a report to the Governor which may include proposed legislative changes.

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, WV 25325-1469.

WEST VIRGINIA PARKWAYS AUTHORITY

(A Component Unit of the State of West Virginia)

STATEMENTS OF NET POSITION

June 30, 2013 and 2012

(In Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2013	2012
Current assets:		
Cash and cash equivalents	$ 24,838	$ 22,825
Short-term investments	12,741	14,214
Accounts receivable	2,583	2,550
Accrued interest receivable	40	55
Inventory	2,885	2,516
Other	151	99
Total current assets	43,238	42,259
Noncurrent assets:		
Investments in securities maturing beyond one year	26,676	24,528
Capital assets	1,087,106	1,050,783
Less: accumulated depreciation	616,217	580,622
	470,889	470,161
Total noncurrent assets	497,565	494,689
Deferred outflows of resources:		
Changes in fair value of hedging derivative instrument	4,489	6,314
Deferred bond refunding loss		
Series 2002 revenue bonds	2,074	2,444
Series 2008 revenue bonds	3,154	3,723
Total deferred outflows of resources	9,717	12,481
Total assets plus deferred outflows of resources	$ 550,520	$ 549,429
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable	$ 9,778	$ 4,846
Accrued interest payable	262	290
Customer deposits	1,545	1,299
Other accrued liabilities	3,162	3,955
Current portion of capital lease payable	-	71
Current portion of long-term revenue bonds	7,910	7,895
Total current liabilities	22,657	18,356
Noncurrent liabilities:		
Long-term revenue bonds, net of unamortized premiums, less current portion:		
Series 2002 revenue bonds	17,075	19,936
Series 2008 revenue bonds	30,700	35,900
	47,775	55,836
Accrued post-employment benefits other than pensions	9,607	9,522
Total noncurrent liabilities	57,382	65,358
Deferred inflows of resources:		
Fair value of hedging derivative instrument	4,489	6,314
Total deferred inflows of resources	4,489	6,314
Total liabilities plus deferred inflows of resources	84,528	90,028
Net position:		
Net investment in capital assets	420,432	412,527
Restricted by trust indenture	43,824	45,127
Unrestricted	1,736	1,747
Total net position	465,992	459,401
Total liabilities, deferred inflows of resources and net position	$ 550,520	$ 549,429

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, 2013 and 2012
(In Thousands)

	2013	2012
Operating revenues:		
Toll revenues	$ 83,519	$ 83,907
Other revenues	6,944	7,217
Total revenues	90,463	91,124
Operating expenses:		
Maintenance	21,907	22,337
Toll collection	10,332	11,411
Traffic enforcement and communications	3,581	3,744
General and administrative	9,159	9,590
Depreciation	35,595	32,924
	80,574	80,006
Operating income	9,889	11,118
Nonoperating revenues (expenses):		
Interest expense	(3,420)	(4,213)
Net investment revenue	122	242
Nonoperating revenues (expenses), net	(3,298)	(3,971)
Changes in net position	6,591	7,147
Net position, beginning of year	459,401	452,254
Net position, end of year	$ 465,992	$ 459,401

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, 2013 and 2012
(In Thousands)

	2013	2012
Cash flows from operating activities:		
Cash received from customers and users	$ 90,463	$ 91,124
Cash paid to employees	(27,447)	(24,857)
Cash paid to suppliers	(13,529)	(22,891)
Net cash provided by operating activities	49,487	43,376
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(36,323)	(36,687)
Debt service for revenue bonds and capital leases:		
Principal	(7,966)	(7,335)
Interest	(2,633)	(3,353)
Net cash used in capital and related financing activities	(46,922)	(47,375)
Cash flows from investing activities:		
Purchase of investments	(44,112)	(56,254)
Proceeds from sales and maturities of investments	43,438	53,162
Interest from investments	122	242
Net cash used in investing activities	(552)	(2,850)
Increase (decrease) in cash and cash equivalents	2,013	(6,849)
Cash and cash equivalents, beginning of year	22,825	29,674
Cash and cash equivalents, end of year	$ 24,838	$ 22,825
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 9,889	$ 11,118
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	35,595	32,924
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(17)	(442)
(Increase) decrease in inventory	(369)	70
(Increase) decrease in other current assets	(52)	830
Increase (decrease) in accounts payable and other liabilities	4,356	(3,804)
Increase in accrued post-employment benefits	85	2,680
Net cash provided by operating activities	$ 49,487	$ 43,376

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

NOTE 1 - FINANCIAL REPORTING ENTITY

Pursuant to Senate Bill 427, the Authority's legal name was changed to the West Virginia Parkways Authority effective July 1, 2010. 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 an Act (the Act) of the West Virginia Legislature effective June 1, 1989. All the duties, powers, and functions of the Turnpike Commission were transferred to the Authority. Under the Act, 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 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 comprehensive annual 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

<u>Basis of Accounting</u>

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 statement of revenues, expenses, and changes in net position as a component of investment income.

Inventory

Inventory 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. 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 valued at the Commission's 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.

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 7).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Customer Deposits

Customer deposits consist of prepaid deposits made by private and commercial customers into E-ZPass® toll collection accounts held by the Authority.

Bond Discounts, Premiums and Deferred Loss on Advance Refunding

Bond discounts and premiums are being accreted and amortized using the straight-line method over the varying terms of the bonds issued. The difference between the reacquisition price and the net carrying amount of refunded debt is reported in the financial statements as a deduction from the refunding bonds, with the related amortization of such deferral being charged to interest expense using the straight-line method.

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.

Net Position

Net position is assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net investment in capital assets consists of all capital assets, plus deferred refunding loss on debt related to the acquisition, construction or improvement of those 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.

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 statement of revenues, expenses, and changes in net position.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through October 3, 2013, the date the financial statements were issued.

NOTE 3 - RESTATEMENT OF FINANCIAL STATEMENTS

For the year ended June 30, 2013, the Authority adopted GASB No. 63, and also elected to early implement GASB No. 65, *Items Previously Reported as Assets and Liabilities,* which states that debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. Comparative financial statements of prior years have been adjusted to apply the new method retrospectively. The following financial statement line items for fiscal year 2012 were affected by the change in accounting principle (in thousands).

Statement of Net Position – June 30, 2012	As Reported Previously	As Restated	Effect of Change
Deferred outflows	$ -	$ 12,481	$ 12,481
Long-term revenue bonds	$ 48,798	$ 55,836	$ 7,038
Deferred inflows	$ -	$ 6,314	$ 6,314
Net investment in capital assets	$ 413,397	$ 412,527	$ (870)
Restricted	$ 45,128	$ 45,127	$ (1)

Statement of Revenues, Expenses, and Changes in Net Position – 2012	As Reported Previously	As Restated	Effect of Change
General and administrative	$ 9,522	$ 9,590	$ 68
Interest expense	$ 4,338	$ 4,213	$ (125)
Change in net position	$ 7,090	$ 7,147	$ 57
Net position, beginning of year	$ 453,182	$ 452,254	$ (928)
Net position, end of year	$ 460,272	$ 459,401	$ (871)

NOTE 4 - DEPOSITS AND INVESTMENTS

All of the Authority's cash on hand is held with outside bank accounts, totaling (in thousands) approximately $24,838 and $22,825 in 2013 and 2012, respectively.

A reconciliation of the investments disclosed in this Note to the amounts reported in the Statement of Net Position is as follows (in thousands):

As disclosed in this Note:		
Total deposits with outside banks	$ 24,838	
Total WV Short Term Bond Pool	3,109	
Total other investments	36,308	
		$ 64,255
As reported on the Statement of Net Position:		
Cash and cash equivalents	$ 24,838	
Short-term investments	12,741	
Investments in securities maturing beyond one year	26,676	
		$ 64,255

The cost of investment securities and related accrued interest receivable is allocated at June 30, 2013 and 2012, among the following restricted accounts created under the various Trust Indentures or by the adoption of Authority resolution (in thousands):

	June 30	
	2013	2012
Restricted and designated assets:		
Assets restricted by Trust Indenture:		
Series 1993, 2002, and 2008 Reserves	$ 10,808	$ 10,808
Renewal and Replacement	11,128	9,368
Operating and Maintenance	4,834	4,788
Series 2002 Debt Service	509	839
Series 2008 Debt Service	512	1,162
	27,791	26,965
Reserve Revenue, restricted by Tri-Party Agreement	17,111	20,505
Facility Improvement	1,969	1,707
Insurance Liability	1,000	1,000
Non Toll Revenue Fund	1,736	1,748
Total restricted and designated assets as allocated by Trust Indentures	$ 49,607	$ 51,925

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

The assets restricted by the 1993 Trust Indenture, as supplemented, must be used for construction, Turnpike maintenance and operation, and debt service. The Trust Indentures require that the balance in the 1993, 2002, and 2008 Reserve Account equal maximum annual debt service for such bonds. The balance in the 1993, 2002, and 2008 Debt Service 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-eighth of budgeted operating expenses for the fiscal year.

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 economic development and tourism projects by the Authority. The only project remaining is Tamarack. All revenues derived from this project, including recovery of principal, were pledged as security for the 2001A and 2001B Bonds. The 2001A and 2001B Bonds were defeased during the year ended June 30, 2010.

The Reserve Revenue Account, restricted by the Tri-Party Agreement dated December 1988 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 Facility Improvement account was established in March 2004 by dedicating funds from the superload fees that are collected by the Division of Highways on the Authority's behalf. This fund will be used at the Board's discretion for either facility repairs and improvements or as a sinking fund for the rehabilitation of future facilities.

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 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, 2013, the Authority had the following investments (in thousands) and maturities (in years):

Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	10+
Government agency bonds	$ 32,796	$ 15,511	$ 17,207	$ 78	$ -
State government bonds	4	-	4	-	-
Corporate bonds	3,116	3,116	-	-	-
Certificate of deposit – financial institution	3,501	3,501	-	-	-
	$ 39,417	$ 22,128	$ 17,211	$ 78	$ -

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's cash deposits with financial institutions (in thousands) were $24,838 and $22,825 at June 30, 2013 and 2012, respectively. These deposits, which had a bank balance of $23,952 and $25,449, 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, 2013, the Authority had investment balances with the following issuers which were greater than or equal to 5% of the Authority's total investment balance:

Security Type	Issuer	Percentage of Investments
Government agency bonds	Federal Home Loan Bank	50%
	Federal National Mortgage Association	27
	Federal Home Loan Mortgage Corp.	13
	Federal Farm Credit Bank Bond	9

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

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

BTI DISCLOSURE INFORMATION

The West Virginia Board of Treasury Investment (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 BTI's 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 BTI's Consolidated Fund. Of the BTI's Consolidated Fund pools and accounts in which the Authority invests, all are subject to credit risk.

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

WV Short Term Bond Pool:

Credit Risk — The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated A by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P-1 by Moody's. Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's and Aaa by Moody's. As this pool has not been rated, the following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

	Credit Rating			2013		2012	
Security Type	Moody's	S&P		Carrying Value	Percent of Pool Assets	Carrying Value	Percent of Pool Assets
Corporate asset-backed securities	Aaa	AAA		$ 53,681	8.72%	$ 95,628	18.99%
	Aaa	NR		59,810	9.71	38,524	7.64
	NR	AAA		37,411	6.07	-	-
	NR	AA+		2,514	0.41	3,900	0.77
	B1	CCC	*	-	-	896	0.18
	B3	BB	*	-	-	311	0.06
	B3	BBB-	*	-	-	53	0.01
	B3	CCC	*	-	-	280	0.06
	Caa1	CCC	*	932	0.15	-	-
	Caa2	CCC	*	-	-	186	0.04
	Caa3	CCC	*	-	-	243	0.05
	Caa3	D	*	367	0.06	26	0.01
	Caa3	NR	*	24	0.00	-	-
	Ca	CCC	*	308	0.05	586	0.12
	Ca	D	*	95	0.02	-	-
	NR	NR	*	3,819	0.62	3,786	0.75
Total corporate asset-backed securities				158,961	25.81	144,419	28.68
Corporate bonds and notes	Aa2	AA+		3,002	0.49	9,025	1.79
	Aa2	AA		12,731	2.07	-	-
	Aa2	AA-		9,192	1.49	-	-
	Aa3	AA-		33,034	5.36	15,666	3.11
	Aa3	A		-	-	23,032	4.57
	Aa3	A+		11,693	1.90	-	-
	A1	AA+		13,295	2.16	-	-
	A1	AA		4,118	0.67	12,145	2.41
	A1	A+		47,500	7.71	30,684	6.09
	A1	A		13,522	2.19	-	-
	A2	A+		9,348	1.52	-	-
	A2	A		47,709	7.75	39,064	7.76
	A2	A-		5,052	0.82	-	-
	A3	A-		7,986	1.30	7,755	1.54
	A3	BBB+		-	-	3,006	0.60
	Baa1	A-	*	2,416	0.39	4,162	0.83
	Baa2	A-	*	6,959	1.13	6,709	1.33
Total corporate bonds and notes				227,557	36.95	151,248	30.03
U.S. agency bonds	Aaa	AA+		9,986	1.62	45,024	8.94
U.S. Treasury notes **	Aaa	AA+		140,154	22.76	-	-
U.S. Treasury notes **	Aaa	AA+		-	-	44,251	8.79
U.S. agency mortgage-backed securities ***	Aaa	AA+		73,692	11.97	77,065	15.30
Money market funds	Aaa	AAAm		5,457	0.89	41,610	8.26
				$ 615,807	100.00%	$ 503,617	100.00%

NR = Not Rated

* The securities were not in compliance with BTI Investment Policy at June 30, 2013 and/or 2012. The securities were in compliance when originally acquired, but were subsequently downgraded. BTI management and its investment advisors have determined that it is in the best interests of the participants to hold the securities for optimal outcome.

** U.S. Treasury issues are explicitly guaranteed by the United States Government and are not subject to credit risk.

*** U.S. agency mortgage-backed securities are explicitly guaranteed by the United States Government and are not subject to credit risk.

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2013 and 2012, the Authority ownership (in thousands) of approximately $3,109 represents 0.5% and ownership of approximately $3,085 represents 0.6%, 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 cannot exceed 731 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:

	2013		2012	
Security Type	Carrying Value (In Thousands)	Effective Duration (Days)	Carrying Value (In Thousands)	Effective Duration (Days)
U.S. Treasury bonds/notes	$ 140,154	491	$ 44,251	366
Corporate bonds and notes	227,557	293	151,248	242
Corporate asset-backed securities	158,961	471	144,419	250
U.S. agency bonds/notes	9,986	583	45,024	23
U.S. agency mortgage-backed securities	73,692	60	77,065	13
Money market funds	5,457	1	41,610	1
	$ 615,807	358	$ 503,617	180

Other Investment Risks - Other risks of investing include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

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

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

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

NOTE 5 - CAPITAL ASSETS

A summary of capital assets at June 30, follows (in thousands):

2013	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 53,247	$ -	$ -	$ 53,247
Capital assets, depreciable:				
Buildings	99,476	1,896	-	101,372
Equipment	12,087	1,759	-	13,846
Infrastructure	885,973	32,668	-	918,641
Total capital assets being depreciated	997,536	36,323	-	1,033,859
Less accumulated depreciation for:				
Buildings	(62,734)	(3,415)	-	(66,149)
Equipment	(6,928)	(1,640)	-	(8,568)
Infrastructure	(510,960)	(30,540)	-	(541,500)
Total accumulated depreciation	(580,622)	(35,595)	-	(616,217)
Total depreciable capital assets, net	416,914	728	-	417,642
Total capital assets, net	$ 470,161	$ 728	$ -	$ 470,889

2012	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable:				
Land	$ 53,247	$ -	$ -	$ 53,247
Capital assets, depreciable:				
Buildings	98,675	801	-	99,476
Equipment	10,923	1,164	-	12,087
Infrastructure	862,155	34,722	10,904	885,973
Total capital assets being depreciated	971,753	36,687	10,904	997,536
Less accumulated depreciation for:				
Buildings	(59,118)	(3,616)	-	(62,734)
Equipment	(6,191)	(737)	-	(6,928)
Infrastructure	(493,293)	(28,571)	(10,904)	(510,960)
Total accumulated depreciation	(558,602)	(32,924)	(10,904)	(580,622)
Total depreciable capital assets, net	413,151	3,763	-	416,914
Total capital assets, net	$ 466,398	$ 3,763	$ -	$ 470,161

NOTE 6 - REVENUE BONDS PAYABLE

Revenue bonds payable consisted of the following at June 30, (in thousands):

	2013	2012
Series 2002 Serial Bonds, issued $44,205 in February 2002 at 3.50% to 5.25%, due in varying installments from May 2002 through May 2019	$ 18,945	$ 21,640
Series 2008 Variable Rate Demand Revenue Refunding Bonds, $59,100 at variable rates, due in varying installments through May 2019	35,900	41,100
Total revenue bonds payable	54,845	62,740
Add:		
Unamortized premium	840	991
Less:		
Current portion of revenue bonds payable	(7,910)	(7,895)
Total long term revenue bonds payable	47,775	55,836
Less:		
Unamortized deferred loss on advance refunding	(5,228)	(6,168)
	$ 42,547	$ 49,668

The Revenue Bonds under the 1993, 2002, 2003, and 2008 Trust Indentures are secured by a pledge of the Authority's toll revenues and all monies deposited into accounts created by the Trust Indentures.

In 2002, $44,205,000 of Revenue Refunding Bonds were issued for the express purpose of defeasing $36,036,000 of Series 1993 Bonds. The advance refunding resulted in a $6,313,000 deferred loss arising from the difference between the reacquisition price and the net carrying amount of the refunded debt. Amortization of this deferral, charged annually to interest expense through 2019, approximated $221,000 in 2013 and 2012. The Authority completed the advance refunding to reduce its aggregate debt service payments by almost $3,003,064 over an 18-year period (life of the refunding bonds) and obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,623,705.

NOTE 6 - REVENUE BONDS PAYABLE (Continued)

In July 2008, the Authority issued $54,800,000 of Variable Rate Demand Revenue Refunding Bonds for the express purpose of refunding $54,800,000 of the Authority's Series 2003 Bonds. This refunding resulted in a $5,972,000 deferred loss arising from the difference between the reacquisition price and the net carrying amount of the refunded debt. Amortization of this deferral, charged annually to interest expense through 2019, approximated $569,000 in 2013 and 2012, respectively. The Authority completed the refunding to remove the requirement for bond insurance that was included in the Series 2003 Bonds.

In July 2011, the Authority converted the Series 2008 Variable Rate Demand Revenue Refunding Bonds to a LIBOR Index rate and placed the bonds with a direct purchaser. The new supplemental indenture establishes eight distinct registered bonds which mature on the identical schedule as the previous bonds. The Indenture establishes an applicable factor ranging from 67% to 82% of the one-month LIBOR Index with an additional spread ranging from 70 to 110 basis points on each bond. The Interest Rate Swap associated with the Series 2008 Variable Rate Bonds was amended to relate to the new index rate bonds under substantially similar terms.

The Authority has an interest rate swap derivative instrument to synthetically fix, on a current basis, the Series 2008 Refunding Variable Rate Bonds in order to hedge interest rate fluctuations. The key provisions of the instrument are:

Type	Pay-fixed interest rate swap
Objective	Hedge changes in cash flows on the Series 2008 Refunding Variable Rate Bonds
Notional Amount	$63,900,000
Effective Date	July 2, 2008
Maturity Date	May 1, 2019
Terms	Pay 4.387%, receive 67% of One Month LIBOR

The fair value of this interest rate swap is estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rate implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rate implied by the current yield curve for hypothetical zero-coupon bonds due on the date of the future net settlement on the swap.

NOTE 6 - REVENUE BONDS PAYABLE (Continued)

The fair value balance for the hedging derivative instrument outstanding at June 30, 2013, and the change in fair value of the instrument for the year ended June 30, 2013, as reported in the 2013 financial statements are as follows (in thousands):

Changes in fair value:	Deferred inflow
Increase (decrease)	($1,825)
Fair value at June 30, 2013	Debt
Amount	$4,489

Risks

Credit Risk - The credit ratings of the counterparty to the interest rate swap are A3 from Moody's, A from Standard & Poor's, and A from Fitch. The interest rate swap agreement requires certain collateralization if the credit rating of the counterparty falls below specific levels. As of June 30, 2013, no collateralization was required by the interest rate swap agreement.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the interest rate swap.

Basis Risk - The Authority is not exposed to basis risk on the fixed interest rate swap because the variable-rate payments received by the Authority on this hedging derivative instrument equals the interest rate the Authority pays on the hedged variable-rate debt, which is 67% of the one month LIBOR.

Termination Risk - The interest rate swap agreement provides for certain events that could cause the counterparty or the Authority to terminate the swap. The swap may be terminated by the counterparty or the Authority if the other party fails to make payments when due, there is a material breach of representations and warranties, an event of illegality occurs, and failure to comply with any other provisions of the agreement after a specified notice period.

In addition, if counterparty fails to maintain ratings of at least Baa3 by Moody's and BBB- by Standard and Poor's, the swap may be terminated by the Authority. If the Authority fails to maintain ratings of at least Baa3 by Moody's and BBB- by Standard and Poor's, the swap may be terminated by the counterparty. The amount of the termination payment is determined by market quotation by obtaining pricing levels from at least three reference market makers.

The Authority has the right to optionally terminate the swap agreement at any time. The termination amount owed by either the Authority or the counterparty may be determined by market quotation. If at the time of termination the swap has a negative fair value, the Authority would owe the counterparty a payment equal to the swap's fair value.

Rollover Risk - The Authority is exposed to rollover risk on the hedging interest rate swap that may be terminated prior to the maturity of the hedged debt.

NOTE 6 - REVENUE BONDS PAYABLE (Continued)

Swap Payments and Associated Debt - Using rates as of June 30, 2013, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows (in thousands). As rates vary, variable rate bond interest payments and net swap payments will vary.

Year Ending	Variable-Rate Bonds		Interest Rate	
June 30	Principal	Interest	Swap, Net	Total
2014	5,200	386	1,460	7,046
2015	5,600	336	1,248	7,184
2016	5,900	275	1,021	7,196
2017	6,100	202	781	7,083
2018	6,400	141	533	7,074
2019	6,700	75	272	7,047
	$ 35,900	$ 1,415	$ 5,315	$ 42,630

Bonds Payable Progression and Maturities

The following schedule summarizes the revenue bonds outstanding as of June 30, 2013 and 2012 (in thousands):

2013	Beginning Balance	Additions	Retired	Amortization	Ending Balance	Due Within One Year
Series 2002	$ 22,631	$ -	$ (2,695)	$ (151)	$ 19,785	$ 2,710
Series 2008	41,100	-	(5,200)	-	35,900	5,200
	$ 63,731	$ -	$ (7,895)	$ (151)	$ 55,685	$ 7,910

2012	Beginning Balance	Additions	Retired	Amortization	Ending Balance	Due Within One Year
Series 2002	$ 25,202	$ -	$ (2,420)	$ (151)	$ 22,631	$ 2,695
Series 2008	45,800	-	(4,700)	-	41,100	5,200
	$ 71,002	$ -	$ (7,120)	$ (151)	$ 63,731	$ 7,895

Debt service requirements for the Revenue Bonds subsequent to June 30, 2013, are as follows (in thousands):

Year Ending June 30	Principal Maturities	Interest, Including Accretion	Total
2014	7,910	2,548	10,458
2015	8,540	2,177	10,717
2016	8,995	1,773	10,768
2017	9,310	1,367	10,677
2018	9,805	914	10,719
2019	10,285	454	10,739
	$ 54,845	$ 9,233	$ 64,078

NOTE 6 - REVENUE BONDS PAYABLE (Continued)

Principal outstanding June 30, 2013	$ 54,845
Add:	
Unamortized premium	840
Less:	
Current portion of revenue bonds payable	(7,910)
Long-term portion	$ 47,775

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, 2013 and 2012, the Authority's estimated arbitrage rebate liability was zero.

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Authority participates in the West Virginia Other Post-employment Benefit Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the West Virginia Public Employees Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit plans to the WVPEIA Board of Trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57th Street, S.E., Suite 2, Charleston, West Virginia, 25304-2345, or by calling 1-888-680-7342.

Funding Policy

The Code requires the OPEB Plan to bill the participating employers 100% of the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. Participating plan employers are billed per active health policy per month.

The Authority's OPEB liability (in thousands) was $9,607, $9,522 and $6,842, and the Authority has paid premiums (in thousands) of $863, $823 and $791, which represent 8.98%, 8.64% and 11.57% of the OPEB liability, respectively, for the years ending June 30, 2013, 2012, and 2011.

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The West Virginia Legislature passed legislation to provide alternate funding sources for the RHBT OPEB unfunded liability. In addition, the PEIA Finance Board imposed limits on the retiree subsidy currently provided for PEIA premiums for retirees. Future increases in the subsidy will be limited to no more than 3% per year. These actions have had a material impact on the amounts billed by the RHBT to the Authority in the current year as well as an expected material impact on amounts billed in the future, resulting in decreases in the recorded OPEB liability.

NOTE 8 - PENSION PLAN

All full-time Authority employees are eligible to participate in the State of West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer public employee retirement system. 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, 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 the number of years of the employee's credited service at the time of retirement. PERS also provides delayed retirement, early retirement, death and disability benefits. The PERS issues an annual report, a copy of which can be obtained by contacting PERS at 4101 MacCorkle Avenue S.E., Charleston, WV 25304-1636 or by calling 1-800-654-1636.

The PERS funding policy has been established by action of the State Legislature. State statute requires that plan participants contribute 4.5% of compensation. The current combined contribution rate is 18.5% of annual covered payroll, including the Authority's contribution of 14.0%, which is established by PERS. Effective July 1, 2013, an increase in the contribution rate of .5%, will increase the Authority's contribution rate to 14.5%. The required employee and employer contribution percentages are determined by actuarial advisement within ranges set by statute. A summary of the Authority and employee contributions required and made for the years ended June 30, 2013, 2012, and 2011 are as follows (in thousands):

	2013	2012	2011
Authority contributions	$ 2,005	$ 2,061	$ 1,787
Employee contributions	645	640	643
Total contributions	$ 2,650	$ 2,701	$ 2,430

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 BrickStreet Mutual Insurance Company (BrickStreet), and the West Virginia Public Employees Insurance Agency (PEIA). In exchange for the payment of premiums to PEIA and BrickStreet, 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 $1,000,000 per occurrence, subject to an annual aggregate limit of coverage of $22,000,000. 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 $10,000,000 over and above the coverage provided by the West Virginia Board of Risk and Insurance Management. In each of the three fiscal years in the period ending June 30, 2013, 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, 2013, the Authority had contractual commitments (in thousands) totaling $9,005 for various Turnpike System improvement projects. Subsequent to June 30, 2013, the Authority entered into additional contractual commitments totaling $19,377.

NOTE 11 - ACCOUNTING PRONOUNCEMENTS

Newly Adopted Statements Issued by GASB

The Authority has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This statement will improve financial reporting by contribution to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The adoption of this statement did not have a material impact on the financial statements.

The Authority has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The adoption of this statement has impacted the financial statements by changing the presentation of the statement of net position.

The Authority has early adopted GASB No. 65, *Items Previously Reported as Assets and Liabilities.* This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The adoption of this statement has impacted the financial statements by causing a restatement of debt issuance costs as an expense in the period they were initially incurred. Debt issuance costs were previously accrued as a liability when incurred and amortized to expense over the life of the debt. See Note 3 for additional information on the restatement.

The Authority has early adopted Statement No. 66, *Technical Corrections — 2012: An Amendment of GASB Statements No. 10 and No. 64*. This statement improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November, 1989 FASB and AICPA Pronouncements. The adoption of this statement did not have a material impact on the financial statements.

Recent Statements Issued by GASB

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions,* effective for fiscal years beginning after June 15, 2014. This statement enhances the information provided in the financial statements regarding the effects of pension-related transactions, the pension obligations of the entity, and the resources available to satisfy those obligations. The Authority has not yet determined the effect that the adoption of GASB Statement No. 68 may have on its financial statements.

NOTE 11 - ACCOUNTING PRONOUNCEMENTS (Continued)

The GASB has also issued Statement No. 69¸*Government Combinations and Disposals of Government Operations,* effective for fiscal years beginning after December 31, 2013. This statement provides guidance on measurement and reporting of combinations and disposals of government operations. The Authority has not yet determined the effect that the adoption of GASB Statement No. 69 may have on its financial statements.

The GASB also issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for fiscal years beginning after June 15, 2013. This statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. In addition, the Statement requires: (1) A government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required. Such factors may include whether the issuer of the guaranteed obligation is experiencing significant financial difficulty or initiating the process of entering into bankruptcy or financial reorganization; (2) An issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released. When a government is released, the government would recognize revenue as a result of being relieved of the obligation; (3) A government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees. The Authority has not yet determined the effect that the adoption of GASB Statement No. 70 may have on its financial statements.

Statistical Section

West Virginia Parkways Authority

Statistical Section

This part of the West Virginia Parkways Authority's Comprehensive Annual 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.

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WEST VIRGINIA PARKWAYS AUTHORITY

CONDENSED SCHEDULES OF NET POSITION

(In Thousands)

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
ASSETS										
Current assets	$ 43,238	$ 42,259	$ 62,391	$ 48,626	$ 29,262	$ 18,633	$ 28,141	$ 28,644	$ 28,034	$ 19,044
Long-term investments	26,676	24,528	8,662	11,894	15,408	27,589	21,396	20,662	15,460	22,530
Investments in economic development projects, net	-	-	-	-	-	-	2,000	2,125	2,125	2,135
Capital assets, net	470,889	470,161	466,398	472,092	484,038	506,746	517,772	531,202	546,919	559,891
Deferred outflows of resources	9,717	12,481	13,046	-	-	-	-	-	-	-
Total assets	$ 550,520	$ 549,429	$ 550,497	$ 532,612	$ 528,708	$ 552,968	$ 569,309	$ 582,633	$ 592,538	$ 603,600
LIABILITIES AND NET ASSETS										
Current liabilities	$ 22,657	$ 18,356	$ 21,516	$ 20,697	$ 15,753	$ 16,443	$ 15,211	$ 11,557	$ 11,208	$ 8,211
Long-term revenue bonds, net	47,775	55,836	63,881	62,254	73,754	80,763	87,194	96,448	102,051	107,053
Other long-term liabilities	9,607	9,522	6,908	4,415	1,868	1,638	3,478	4,403	3,044	3,019
Deferred inflows of resources	4,489	6,314	5,938	-	-	-	-	-	-	-
Total liabilities	84,528	90,028	98,243	87,366	91,375	98,844	105,883	112,408	116,303	118,283
Net assets:										
Invested in capital assets, net of related debt	420,432	412,527	408,157	402,069	401,735	416,812	422,455	429,571	441,961	449,957
Restricted by trust indenture	43,824	45,127	40,961	39,570	30,175	32,096	39,246	34,138	24,688	31,461
Unrestricted	1,736	1,747	3,136	3,607	5,423	5,216	1,725	6,516	9,586	3,899
Total net assets	465,992	459,401	452,254	445,246	437,333	454,124	463,426	470,225	476,235	485,317
Total liabilities and net assets	$ 550,520	$ 549,429	$ 550,497	$ 532,612	$ 528,708	$ 552,968	$ 569,309	$ 582,633	$ 592,538	$ 603,600

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

CONDENSED SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(In Thousands)

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating revenues:										
Toll revenues	$ 83,519	$ 83,907	$ 81,960	$ 79,871	$ 53,341	$ 56,563	$ 58,165	$ 61,858	$ 57,999	$ 56,854
Other revenues	6,944	7,217	7,010	7,087	6,923	7,459	7,657	7,383	6,911	6,418
	90,463	91,124	88,970	86,958	60,264	64,022	65,822	69,241	64,910	63,272
Operatnig expenses:										
Maintenance	21,907	22,337	23,827	21,287	17,664	17,448	16,837	18,004	16,290	16,324
Toll collection	10,332	11,411	10,984	11,058	10,207	10,117	9,195	9,426	9,574	10,043
Traffic enforcement	3,581	3,744	3,188	2,650	2,973	2,815	2,746	2,785	2,443	2,042
General and administrative	9,159	9,590	9,446	9,605	9,022	9,896	10,221	10,083	10,095	8,932
Depreciation	35,595	32,924	32,227	31,160	31,406	31,064	30,127	29,877	29,779	28,675
	80,574	80,006	79,672	75,760	71,272	71,340	69,126	70,175	68,181	66,016
Operating income (loss)	9,889	11,118	9,298	11,198	(11,008)	(7,318)	(3,304)	(934)	(3,271)	(2,744)
Nonoperating revenue (expenses):										
Interest earned on investments	122	242	355	1,377	1,307	2,293	2,710	1,445	1,285	381
Intergovernmental	-	-	2,834	993	-	-	-	-	-	-
Interest expense	(3,420)	(4,213)	(4,630)	(5,655)	(7,090)	(7,330)	(6,205)	(6,521)	(7,096)	(7,174)
On-behalf contributions	-	-	-	-	-	496	-	-	-	-
	(3,298)	(3,971)	(1,441)	(3,285)	(5,783)	(4,541)	(3,495)	(5,076)	(5,811)	(6,793)
Change in net assets	6,591	7,147	7,857	7,913	(16,791)	(11,859)	(6,799)	(6,010)	(9,082)	(9,537)
Cumulative effect of implementation of GASB Statement 65 (2011) and 43 (2008)	-	-	(849)	-	-	2,557	-	-	-	-
Net assets, beginning of year	459,401	452,254	445,246	437,333	454,124	463,426	470,225	476,235	485,317	494,854
Net assets, end of year	$ 465,992	$ 459,401	$ 452,254	$ 445,246	$ 437,333	$ 454,124	$ 463,426	$ 470,225	$ 476,235	$ 485,317

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

FINANCIAL RATIOS

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Long-term series 1993 revenue bonds to total assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.60%	1.16%	1.66%
Long-term series 2001 revenue bonds to total assets	0.00%	0.00%	0.00%	0.00%	0.99%	1.10%	1.21%	1.30%	1.40%	1.48%
Long-term series 2002 revenue bonds to total assets	3.10%	3.63%	4.14%	4.08%	4.52%	4.67%	4.88%	5.06%	5.27%	5.45%
Long-term series 2003 revenue bonds to total assets	0.00%	0.00%	0.00%	0.00%	0.00%	8.83%	9.23%	9.59%	9.39%	9.15%
Long-term series 2008 revenue bonds to total assets	5.58%	6.53%	7.46%	7.61%	8.44%	0.00%	0.00%	0.00%	0.00%	0.00%
Total long-term revenue bonds to total assets	8.68%	10.16%	11.60%	11.69%	13.95%	14.60%	15.32%	16.55%	17.22%	17.74%
Net assets to total assets	84.65%	83.61%	82.15%	83.60%	82.72%	82.12%	81.40%	80.71%	80.37%	80.40%
Long-term bonds to lane miles	112.15	131.07	149.96	146.14	173.13	189.58	204.68	226.40	239.56	251.30
Long-term bonds to number of transactions/vehicles	1.39	1.39	1.62	1.81	2.19	2.34	2.48	2.74	2.88	3.02

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

REVENUE BOND COVERAGE (1)

(In Thousands)

	Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Toll revenues	$ 83,519	$ 83,907	$ 81,960	$ 79,871	$ 53,341	$ 56,563	$ 58,165	$ 61,858	$ 57,999	$ 56,854
Adjustment to toll revenues per Trust Indentures	(81)	(333)	480	(683)	200	127	54	(52)	153	972
Total revenues	83,438	83,574	82,440	79,188	53,541	56,690	58,219	61,806	58,152	57,826
Operating expenses	80,574	80,006	79,496	75,760	71,272	71,340	69,124	70,176	68,253	66,016
Adjustments to operating expenses per Trust Indentures:										
Depreciation	(35,595)	(32,924)	(32,227)	(31,160)	(31,406)	(31,064)	(30,127)	(29,877)	(29,779)	(28,675)
Renewal and replacement provided for by reserves	(2,789)	(2,888)	(3,280)	(2,617)	(2,963)	(2,714)	(1,366)	(2,700)	(2,098)	(3,672)
Economic development and tourism costs	(5,132)	(6,748)	(5,000)	(5,102)	(5,020)	(5,590)	(6,166)	(6,004)	(6,051)	(5,420)
Other	(1,286)	(2,403)	(3,098)	(3,747)	(975)	(789)	1,141	(117)	(67)	457
Total operating expenses	35,772	35,043	35,891	33,134	30,908	31,183	32,606	31,478	30,258	28,706
Net revenues available for debt service	$ 47,666	$ 48,531	$ 46,549	$ 46,054	$ 22,633	$ 25,507	$ 25,613	$ 30,328	$ 27,894	$ 29,120
Revenue bond coverage items:										
Total debt service	11,186	10,541	10,515	10,670	12,218	11,852	10,876	10,801	10,505	12,439
Renewal and replacement reserve requirement per recommendation of consulting engineer	10,280	11,128	8,673	8,743	10,077	9,073	4,352	4,331	4,151	3,460
Total debt service and renewal and replacement	$ 21,466	$ 21,669	$ 19,188	$ 19,413	$ 22,295	$ 20,925	$ 15,228	$ 15,132	$ 14,656	$ 15,899
Coverage percentages:										
Total debt service (150% required) (1)	426.12%	460.40%	442.69%	431.62%	185.24%	215.21%	235.50%	280.79%	265.53%	234.10%
Total debt service and renewal and replacement per recommendation of consulting engineer (100% required)	222.05%	223.97%	242.59%	237.23%	101.52%	121.90%	168.20%	200.42%	190.32%	183.16%

(1) On March 11, 1993, $111,245,000 of Series 1989 Revenue Bonds were refunded with 1993 Series Revenue Bonds issued under a Trust Indenture dated February 15, 1993. On February 1, 2002, $36,036,000 of the Series 1993 Revenue bonds were refunded with the 2002 Series Revenue Bonds issued under a Trust Indenture dated February 1, 2002. On February 18, 2003, $61,280,000 of the Series 1993 Revenue bonds were refunded with the Series 2003 Variable Rate Demand Refunding Bonds issued under a Trust Indenture dated February 18, 2003. During fiscal year 2009, the Series 2003 Bonds were refunded by the Series 2008 Variable Rate Demand Refunding Bonds issued under a Supplemental Trust Indenture dated July 2, 2008. The revenue bond coverage requirements increased to 150% from 125% under the 2003 trust indenture and remain under the 2008 trust indenture at 150%. The above presentation for each of the ten years ended June 30, 2013, relates only to debt service requirements under the 1993, 2002, 2003, and 2008 Trust Indentures. Under the terms of these trust indentures, revenues available for debt service are comprised of collected toll revenues less operating expenses, exclusive of depreciation, other costs funded by bond proceeds or designated established reserves and accruals, and further reduced by capital expenditures funded by amounts other than bond proceeds.

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

TRAFFIC STATISTICS

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

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Number of transactions:										
Passenger cars	26,934	27,549	27,140	27,043	26,511	26,413	26,960	26,745	27,078	27,544
Commerical vehicles	7,462	7,515	7,328	7,329	7,098	8,018	8,265	8,437	8,308	7,866
Total transactions	34,396	35,064	34,468	34,372	33,609	34,431	35,225	35,182	35,386	35,410
ETC penetration rate - transactions	34.20%	32.69%	30.16%	29.00%	26.25%	26.30%	25.22%	23.94%	20.82%	19.38%
Number of miles:										
Passenger cars	623,890	639,854	634,053	633,550	616,633	601,891	614,549	617,247	622,655	636,415
Commercial vehicles	300,589	302,644	296,473	297,710	285,689	322,683	333,378	324,117	323,246	308,119
Total miles	924,479	942,498	930,526	931,260	902,322	924,574	947,927	941,364	945,901	944,534
Total revenues:										
Passenger cars	$ 43,429	$ 43,280	$ 42,066	$ 40,685	$ 26,584	$ 26,381	$ 26,908	$ 27,856	$ 27,165	$ 27,388
Commercial vehicles	40,090	40,627	39,894	39,186	26,757	30,182	31,257	34,002	30,834	29,466
Total toll revenues	$ 83,519	$ 83,907	$ 81,960	$ 79,871	$ 53,341	$ 56,563	$ 58,165	$ 61,858	$ 57,999	$ 56,854
ETC penetration rate - revenue	39.09%	36.70%	35.60%	33.37%	35.06%	35.20%	33.38%	31.70%	23.61%	22.29%
Toll revenue per transaction:										
Passenger cars	$ 1.61	$ 1.57	$ 1.55	$ 1.50	$ 1.00	$ 1.00	$ 1.00	$ 1.04	$ 1.00	$ 0.99
Commercial vehicles	5.37	5.41	5.44	5.35	3.77	3.76	3.78	4.03	3.71	3.74
Toll revenue per mile:										
Passenger cars	$ 0.070	$ 0.068	$ 0.066	$ 0.064	$ 0.043	$ 0.044	$ 0.044	$ 0.045	$ 0.044	$ 0.043
Commercial vehicles	0.133	0.134	0.134	0.132	0.094	0.094	0.094	0.105	0.095	0.096
Miles per transaction:										
Passenger cars	23	23	23	23	23	23	23	23	23	23
Commercial vehicles	40	40	40	41	40	40	40	39	39	39

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

NUMBER OF EMPLOYEES

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Permanent employees										
Toll	160	160	162	168	161	163	164	160	162	165
Maintenance	141	140	141	143	147	144	139	143	150	152
Other	53	53	55	49	49	59	57	62	62	59
	354	353	358	360	357	366	360	365	374	376
Temporary	43	98	82	69	36	65	50	73	98	114
Leased employees:										
State police	31	31	27	23	24	25	26	25	28	25
Tamarack	149	146	146	139	139	135	144	150	174	156

Source: West Virginia Parkways Authority

TRAFFIC ACCIDENT AND POLICING STATISTICS

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Number of fatalities	8	7	7	6	9	4	8	6	11	9
Fatality rate per 100 million miles travele	0.9	0.8	0.8	0.6	1.0	0.4	0.8	0.6	1.2	0.9
Policing statistics										
Arrests	12,019	10,943	11,033	6,254	5,793	5,959	8,656	9,661	11,148	13,827
Warning tickets	24,377	20,069	16,340	17,415	23,968	24,932	26,077	20,843	2,076	3,864
Assists to motorists	3,633	2,816	2,382	2,083	2,605	2,581	2,493	2,791	2,625	2,450

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

POPULATION DEMOGRAPHICS

	Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Population - WV (1)	1,852,994	1,852,994	1,852,994	1,808,344	1,808,344	1,808,344	1,808,344	1,808,344	1,808,344	1,808,344
Personal income - WV ($ in thousands) (2)	$ 63,968,460	$ 62,178,478	$ 60,484,487	$ 58,631,433	$ 57,410,905	$ 54,555,485	$ 54,893,647	$ 48,138,995	$ 46,497,446	$ 44,905,618
Per capital personal income - WV (2)	$ 34,477	$ 33,513	$ 32,641	$ 32,219	$ 31,634	$ 30,121	$ 28,714	$ 26,686	$ 25,785	$ 24,917
Unemployment Rate - WV (3)	7.30%	8.00%	9.10%	7.70%	4.20%	4.20%	4.50%	4.90%	5.30%	6.00%

(1) Data based on the US Decennial Census
(2) Bureau of Economic Analysis
(3) Work Force WV Labor Market Information

Largest Private Sector Employers in the State of West Virginia **

	Ranking	
	2012	**2003**
Wal-Mart Associates, Inc.	1	1
West Virginia United Health System (1)	2	2
Charleston Area Medical Center, Inc.	3	3
Kroger	4	4
Consolidation Coal Company	5	
Mylan Pharmaceuticals, Inc.	6	
Lowes Home Centers, Inc.	7	
St. Mary's Hospital	8	10
American Electric Power	9	
Mentor Management, Inc.	10	
Weirton Steel Corporation		5
CSX		6
E.I. DuPont de Nemours and Company		7
Verizon		8
Allegheny Energy Service Corporation		9

(1) Employer was formerly known as West Virginia University Hospitals, Inc.

Population - WV

White	1,739,961	93.90%
Black	63,002	3.40%
Hispanic & Other	5,559	0.30%
Native American	3,706	0.20%
Asian & Pacific Islanders	12,971	0.70%
Two or more Races	27,795	1.50%
Total Population	1,852,994	100.00%

Source: WorkForce WV

WEST VIRGINIA PARKWAYS AUTHORITY

Significant Dates

June 30, 2013

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, 2013

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 *TAMARACK-The Best of West Virginia* arts and crafts center
May 1996	Opened *TAMARACK-The Best of West Virginia* 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
July 2008	Issued $59.1 million of Series 2008 Variable Rate Demand Revenue Refunding Bonds to advance refund for savings $59.1 million of Series 2003 Bonds
August 2009	Adopted new toll rate schedule, the first increase in 28 years. Cash toll rates increased 60%. Discounts were given to E-ZPass users
July 2010	Renamed and reorganized as the West Virginia Parkways Authority

Source: West Virginia Parkways Authority

WEST VIRGINIA PARKWAYS AUTHORITY

Miscellaneous Data and Statistics

June 30, 2013

Length of West Virginia Turnpike	88 miles
Number of lane miles	426
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, 2013

Toll Class	Axles	Description	Cash Rate Mainline Plazas	Cash Rate Corridor "L" (U.S. Route 119)
1*	2	Passenger car	$ 2.00	$ 0.40
2*	3+	Passenger car with trailer	2.50	0.80
3	2/3	Motor home	2.50	0.80
4	3+	Motor home with trailer	3.25	1.20
5	2	2-Axle, dual tire trucks, RVs and buses	3.25	0.80
6	3	3-Axle trucks and buses	4.50	1.20
7	4	4-Axle trucks and semi-trailers	6.50	1.60
8	5	5-Axle trucks and semi-trailers	6.75	1.60
9	6+	6-Axle trucks and semi-trailers	9.50	2.40
10	-	Oversize trucks	12.00	7.20

* 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

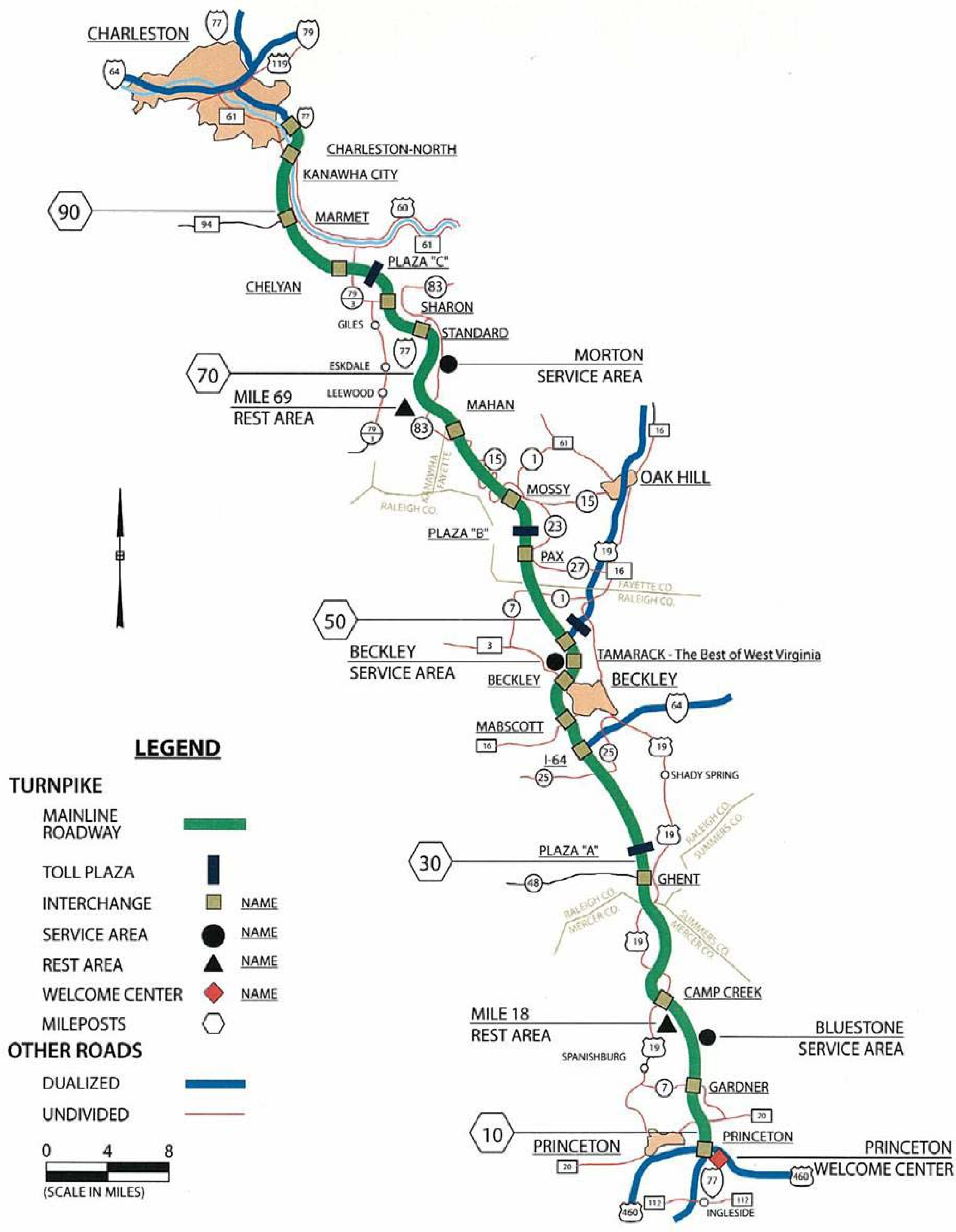
Personal Discount (Plan #1) - Formerly the Parkways Authority Commuter Card is available for noncommercial passenger cars and pickup trucks at $100.00 per year per mainline toll plaza, which includes the Corridor "L" Ramp Plaza, or $5.00 per year for the Corridor "L" Ramp Plaza only. A discount is allowed when buying an annual plan.

Plaza Location	Fee
Ghent (A)	$25/quarter or $95/year
Pax (B)	$25/quarter or $95/year
Chelyan (C)	$25/quarter or $95/year
Corridor "L" Ramp Plaza	$5/year

Personal Discount (Plan #2) and Commercial Discount (Plan #3) - User prepays via a credit card and is issued an E-ZPass transponder ($25 fee to purchase transponder for commercial plan). The plan provides a 35% discount from the cash rate for mainline plazas for Toll Class 1 through 4 and a 20% discount for Toll Class 5 through 10.

Commercial Discount (Plan #4) - For non-West Virginia issued E-ZPass and provides a 13% discount from the cash rate for mainline plazas for Toll Class 5 through 10.

Source: West Virginia Parkways Authority


CHARLESTON
CHARLESTON-NORTH
KANAWHA CITY
90
MARMET
PLAZA "C"
CHELYAN
SHARON
GILES
STANDARD
MORTON
SERVICE AREA
70
ESKDALE
LEEWOOD
MILE 69
REST AREA
MAHAN
OAK HILL
MOSSY
RALEIGH CO.
PLAZA "B"
PAX
FAYETTE CO.
RALEIGH CO.
50
BECKLEY
SERVICE AREA
TAMARACK - The Best of West Virginia
BECKLEY
BECKLEY
MABSCOTT
I-64
SHADY SPRING
LEGEND
TURNPIKE
MAINLINE ROADWAY
TOLL PLAZA
INTERCHANGE
NAME
SERVICE AREA
NAME
REST AREA
NAME
WELCOME CENTER
NAME
MILEPOSTS
OTHER ROADS
DUALIZED
UNDIVIDED
0 4 8
(SCALE IN MILES)
30
PLAZA "A"
GHENT
RALEIGH CO.
SUMMERS CO.
RALEIGH CO.
MERCER CO.
SUMMERS CO.
MERCER CO.
CAMP CREEK
MILE 18
REST AREA
BLUESTONE
SERVICE AREA
SPANISHBURG
GARDNER
10
PRINCETON
PRINCETON
PRINCETON
WELCOME CENTER
INGLESIDE