Audited Financial Statements with
Other Financial Information

West Virginia Parkways, Economic Development and Tourism Authority
(A Component Unit of the State of West Virginia)

Years Ended June 30, 2010 and 2009

Gibbons & Kawash
Certified Public Accountants

Audited Financial Statements
with Other Financial Information

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY
(A Component Unit of the State of West Virginia)

Years Ended June 30, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT

To the Members of the
West Virginia Parkways, Economic Development
and Tourism Authority

We have audited the accompanying balance sheet of the West Virginia Parkways, Economic Development and Tourism Authority, a component unit of the State of West Virginia, as of June 30, 2010 and 2009, and the related statements of revenues, expenses, and changes in fund net assets and cash flows for the years then ended. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Parkways, Economic Development and Tourism Authority as of June 30, 2010 and 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2010, on our consideration of the West Virginia Parkways, Economic Development and Tourism Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 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

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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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other financial information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the West Virginia Parkways, Economic Development and Tourism Authority. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Gibbons & Kawash

October 22, 2010

West Virginia Parkways, Economic Development and Tourism Authority
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2010 and 2009

This section of the West Virginia Parkways, Economic Development and Tourism Authority's (the Authority) annual financial report presents management's discussion and analysis of its financial performance during the fiscal year that ended June 30, 2010. Please read it in conjunction with the Authority's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- 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% with discounts added for all patrons paying with electronic transponders. Additionally, Turnpike traffic increased 2.3% for the year. Consequently, for the fiscal year ended June 30, 2010, toll revenue increased by $26.5 million or 49.7%

- In conjunction with the adoption of the new toll rate schedule, the Authority implemented a ten-year program to address the approximately $335 million backlog of essential deferred maintenance and capital needs identified by the Authority's consulting engineers. In addition to the increased activity of the Authority's own maintenance staff, the Authority committed to $30.3 million of roadway reconstruction, rehabilitation and repair contracts during the year.

- On August 20, 2009, the Authority authorized the defeasance of the remaining $6.25 million of Tamarack bonds and adopted a plan to redirect non-toll revenues previously pledged to debt service to be used instead to fund costs of essential deferred maintenance and capital needs of the West Virginia Turnpike.

CONDENSED BALANCE SHEET INFORMATION (in thousands)

ASSETS	2010	2009	2008	Change '10-'09
Current assets	$ 48,626	$ 29,262	$ 18,633	66.2%
Long-term investments	11,894	15,408	27,589	(22.8)%
Capital assets, net	472,092	484,038	506,746	(2.5)%
Total assets	$ 532,612	$ 528,708	$ 552,968	0.7%
LIABILITIES AND NET ASSETS				
Current liabilities	$ 20,697	$ 15,753	$ 16,443	31.4%
Long-term revenue bonds, net	62,254	73,754	80,763	(15.6)%
Other long-term liabilities	4,415	1,868	1,638	136.3%
Total liabilities	87,366	91,375	98,844	(4.4)%

West Virginia Parkways, Economic Development and Tourism Authority
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2010 and 2009
(Continued)

CONDENSED BALANCE SHEET INFORMATION (in thousands) (Continued)

	2010	2009	2008	Change '10-'09
Net assets:				
Invested in capital assets, net of related debt	402,069	401,735	416,812	0.1%
Restricted	39,570	30,175	32,096	31.1%
Unrestricted	3,607	5,423	5,216	(33.5)%
Total net assets	445,246	437,333	454,124	1.8%
Total liabilities and net assets	$ 532,612	$ 528,708	$ 552,968	0.7%

ASSETS

Due to the toll rate increase, cash and investments increased by $15.1 million or 37.5% even after depositing $6.8 million to advance refund the Tamarack bonds. $16.2 million of these funds have been committed to roadway construction projects which are funded on a current basis without the issuance of debt. Because of the current interest rate environment, these funds continue to be held in cash and other short-term investments.

For the year ended June 30, 2009, cash and investments decreased by $0.6 million. As a result of the interest rate environment, and in an effort to have cash available to advance refund the Tamarack bonds, $12.2 million of long-term investments were allowed to liquidate. Total cash and investments remained relatively stable by deferring roadway maintenance and capital projects as revenues declined during the 2008 recession.

For the year ended June 30, 2010, net capital assets decreased $11.9 million with capital improvements of $18.6 million less depreciation expense of $30.5 million. For the year ended June 30, 2009, capital assets decreased by $22.7 million as the result of capital improvements of $8.7 million that were offset by $31.4 million of depreciation expense. See Note 5 of the financial statements for more detailed information on the Authority's capital assets.

In early 2009, the Authority engaged its consulting engineer 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.

ASSETS (Continued)

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 was also adopted. For passenger cars, the discount for paying with an Authority issued E-ZPass^{sm} transponder is 35%. For commercial trucks, the discount for using any E-ZPass^{sm} is 13%, and for using an Authority issued E-ZPass^{sm} is 20%.

Also, a resolution to advance refund the Series 2001A and 2001B "Tamarack" bonds was adopted. Funds previously designated for future debt service on these bonds would be available for use on the highway as a means to offset additional discounts that were increased from the original Traffic Engineer's reports. The advance refunding was completed on August 20, 2009.

On August 6, 2009, the Authority implemented the 10 year plan and approved three highway construction contracts totaling approximately $13.5 million. For the fiscal year ended June 30, 2010, toll revenues exceeded projections allowing the Authority to proceed with the plan ahead of schedule and a total of $30.3 million of roadway reconstruction rehabilitation and repair contracts were approved during the year. Remaining commitments on these contracts totaled $16.2 million as of June 30, 2010.

LIABILITIES

For the year ended June 30, 2010, total liabilities decreased $4.0 million or 4.4%. Accounts payable and other accrued liabilities increased by $5.3 million as a result of an increase in the number and type of roadway rehabilitation contracts in progress.

Accrued post-employment benefits increased $2.9 million due to an increase in the Authority's annual required contribution to its OPEB plan. However, contributions paid to the OPEB plan decreased by $0.1 million. Bonds payable decreased $11.8 million due to the defeasance of the Series 2001 Tamarack bonds and regularly scheduled principal payments of $6.5 million on the Turnpike bonds.

For the fiscal year ended June 30, 2009, total liabilities decreased $7.5 million due to regularly scheduled principal payments and amortization of bond deferrals.

On July 2, 2008, the Authority issued $54.8 million of Variable Rate Demand Revenue Refunding Bonds for the express purpose of refunding $54.8 million of the Authority's Series 2003 Bonds. The Authority completed the refunding to remove the requirement for bond insurance that was included in the Series 2003 bonds.

West Virginia Parkways, Economic Development and Tourism Authority
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2010 and 2009
(Continued)

LIABILITIES (Continued)

Because of downgrades of the bond insurer by the three major rating agencies, the Series 2003 Bonds were not in compliance with SEC Rule 2(a)(7) and as a result, the Authority incurred excess interest expense. Immediately after the refunding, the interest rates improved. However, during late 2008, market conditions again deteriorated and the Authority incurred excess interest costs for approximately two months. Since then, conditions have stabilized.

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

CHANGES IN NET ASSETS INFORMATION (**in thousands)**

A schedule of results of operations for the years ended June 30, 2010, 2009 and 2008 follows (in thousands):

	2010	2009	2008	Change '10-'09
Revenues:				
Operating revenues:				
Toll revenues	$ 79,871	$ 53,341	$ 56,563	49.7%
Other revenues	7,087	6,923	7,459	2.4%
Nonoperating revenues:				
Net investment revenue	1,377	1,307	2,293	5.4%
Intergovernmental revenue	993	-	496	100.0%
Total revenues	89,328	61,571	66,811	45.1%
Expenses:				
Operating expenses:				
Maintenance	21,287	17,664	17,448	20.5%
Toll collection	11,058	10,207	10,117	8.3%
Traffic enforcement	2,650	2,973	2,815	(10.9)%
General and administrative	9,605	9,022	9,896	6.5%
Depreciation	31,160	31,406	31,064	(0.8)%
Nonoperating expenses:				
Interest expense	5,655	7,090	7,330	(20.2)%
Total expenses	81,415	78,362	78,670	3.9%
Change in net assets	$ 7,913	$ (16,791)	$ (11,859)	147.1%

CHANGES IN NET ASSETS INFORMATION (in thousands)

	2010	2009	2008	Change '10-'09
Net assets, beginning of year	$ 437,333	$ 454,124	$ 463,426	
Cumulative effect of implementation of GASB Statement 45	-	-	2,557	
Net assets, end of year	$ 445,246	$ 437,333	$ 454,124	

Toll revenues for the year ended June 30, 2010 increased $26.5 million or 49.7% due to the toll rate increase, and a 2.3% traffic increase. After peaking in fiscal year 2004, passenger car traffic began declining through fiscal year 2008. After continuing to decline for the first half of fiscal year 2009 passenger traffic began increasing in December 2009 and ended the year with a 0.2% increase. Heavy commercial traffic peaked in fiscal year 2006 and declined 2.0% during fiscal year 2007. Signs of real weakness began appearing around December 2007, and heavy commercial traffic finished fiscal year 2008 down another 3.0%. The contraction became prevalent in fiscal year 2009 and commercial traffic volume dropped by 11.5%. Because of this decline, which was attributable to the national recession, toll revenues decreased by $3.2 million or 5.7% compared to fiscal year 2008. The following tables highlight toll revenues and transactions:

	2010	2009	2008	Change '10-'09
Toll revenues (dollars in thousands):				
Passenger cars	$ 40,685	$ 26,584	$ 26,381	53.0%
Commercial vehicles	39,186	26,757	30,182	46.4%
Total	$ 79,871	$ 53,341	$ 56,563	49.7%

	2010	2009	2008	Change '10-'09
Traffic volume (transactions in thousands):				
Passenger cars	27,043	26,511	26,413	2.0%
Commercial vehicles	7,329	7,098	8,018	3.3%
Total	34,372	33,609	34,431	2.3%

Severe winter weather contributed to the additional maintenance expense for 2010. Salt purchases were $1.9 million higher than in the previous year. The severe weather also caused increases in overtime wages and benefits and equipment fuel and maintenance costs. As a result of a lengthy traffic jam caused by one snow storm the Authority was able to secure funding to install turnaround gates on the Turnpike's north end. The funding for the gates is identified as Intergovernmental revenue. Further increases in maintenance expense and increases in toll collection and general and administrative expense are

CHANGES IN NET ASSETS INFORMATION (in thousands) (Continued)

attributed to the $2.0 million increase in the Authority's ARC due under its OPEB plan. Interest expense decreased due to the stabilization of the Authority's weekly interest rate associated with the Series 2008 Toll Revenue Bonds and the defeasance of the Series 2001 Tamarack bonds.

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, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

BALANCE SHEET

June 30, 2010 and 2009
(In Thousands)

ASSETS	2010	2009
Current assets:		
Cash and cash equivalents	$ 14,085	$ 22,133
Short-term investments	29,242	2,614
Accounts receivable	2,188	1,389
Accrued interest receivable	38	161
Inventory	2,561	2,469
Other	512	496
Total current assets	48,626	29,262
Noncurrent assets:		
Investments in securities maturing beyond one year	11,894	15,408
Capital assets	1,001,928	983,288
Less: accumulated depreciation	529,836	499,250
	472,092	484,038
Total noncurrent assets	483,986	499,446
Total assets	$ 532,612	$ 528,708
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 4,316	$ 960
Accrued interest payable	394	280
Customer deposits	1,079	1,135
Other accrued liabilities	7,410	5,435
Current portion of capital lease payable	363	538
Current portion of long-term revenue bonds	7,135	7,405
Total current liabilities	20,697	15,753
Noncurrent liabilities:		
Long-term revenue bonds, net of unamortized premiums, discounts and issuance costs, less current portion:		
Series 2001 revenue bonds	-	5,251
Series 2002 revenue bonds	21,745	23,910
Series 2008 revenue bonds	40,509	44,593
	62,254	73,754
Capital lease payable, less current portion	271	606
Accrued post-employment benefits other than pensions	4,144	1,262
Fair value of hedging derivative instrument	7,271	4,613
Deferred outflows from changes in fair value of hedging derivative instrument	(7,271)	(4,613)
Total noncurrent liabilities	66,669	75,622
Total liabilities	87,366	91,375
Net assets:		
Invested in capital assets, net of related debt	402,069	401,735
Restricted by trust indenture	39,570	30,175
Unrestricted	3,607	5,423
Total net assets	445,246	437,333
Total net assets and liabilities	$ 532,612	$ 528,708

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

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT AND TOURISM AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Years Ended June 30, 2010 and 2009
(In Thousands)

	2010	2009
Operating revenues:		
Toll revenues	$ 79,871	$ 53,341
Other revenues	7,087	6,923
Total revenues	86,958	60,264
Operating expenses:		
Maintenance	21,287	17,664
Toll collection	11,058	10,207
Traffic enforcement and communications	2,650	2,973
General and administrative	9,605	9,022
Depreciation	31,160	31,406
	75,760	71,272
Operating income (loss)	11,198	(11,008)
Nonoperating revenues (expenses):		
Interest expense	(5,655)	(7,090)
Net investment revenue	1,377	1,307
Intergovernmental revenue	993	-
Nonoperating revenues (expenses), net	(3,285)	(5,783)
Changes in net assets	7,913	(16,791)
Net assets, beginning of year	437,333	454,124
Net assets, end of year	$ 445,246	$ 437,333

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

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

STATEMENT OF CASH FLOWS

Years Ended June 30, 2010 and 2009
(In Thousands)

	2010	2009
Cash flows from operating activities:		
Cash received from customers and users	$ 86,159	$ 60,596
Cash paid to employees	(22,382)	(22,060)
Cash paid to suppliers	(14,169)	(16,696)
Net cash provided by operating activities	49,608	21,840
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(18,221)	(8,698)
Debt service for revenue bonds and capital leases:		
Principal	(13,165)	(8,026)
Interest	(4,656)	(6,602)
Proceeds from issuance of revenue bonds	-	52,602
Refunding of revenue bonds	-	(53,128)
Net cash used in capital and related financing activities	(36,042)	(23,852)
Cash flows from investing activities:		
Purchase of investments	(61,462)	(92,795)
Proceeds from sales and maturities of investments	38,348	103,175
Interest from investments	1,500	1,785
Net cash provided by (used in) investing activities	(21,614)	12,165
Increase (decrease) in cash and cash equivalents	(8,048)	10,153
Cash and cash equivalents, beginning of year	22,133	11,980
Cash and cash equivalents, end of year	$ 14,085	$ 22,133
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 11,198	$ (11,008)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	31,160	31,406
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(799)	332
Increase in inventory	(92)	(18)
(Increase) decrease in other assets	(16)	533
Increase (decrease) in accounts payable and other liabilities	5,275	(183)
Increase in accrued postemployment benefits	2,882	778
Net cash provided by operating activities	$ 49,608	$ 21,840
Noncash transactions affecting financial position:		
Amortization of deferred charges related to revenue bonds	$ (886)	$ (921)
Contibuted capital assets	$ 993	$ -
Unrealized decrease in fair value of investments	$ -	$ 361

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

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

NOTES TO FINANCIAL STATEMENTS

1 - FINANCIAL REPORTING ENTITY

The West Virginia Parkways, Economic Development and Tourism Authority (the 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 five 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.

2 - SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Accounting</u>

The Authority is accounted for as a special purpose government 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 Untied 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. As permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, unless the GASB specifically adopts such FASB statements or interpretations.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (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 fund net assets as a component of investment income.

Inventories

Inventories are 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 were valued at the Turnpike Commission's (predecessor'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).

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 an other post-employment benefit plan (see Note 7).

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Customer Deposits

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

Bond Discounts, Premiums, Issuance Costs and Deferred Loss on Advance Refunding

Bond discounts, premiums, and issuance costs are being accreted and amortized using the effective interest 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 effective interest method.

Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets consist of all capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are 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 assets 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. It also includes all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities. All revenues and expenses not meeting this definition 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 fund net assets.

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - DEPOSITS AND INVESTMENTS

The Authority has adopted investment guidelines that are consistent with those specified in the bond trust indentures for its outstanding bonds. Those guidelines authorize the Authority to invest all bond proceeds and other revenues in obligations of the United States and certain of its agencies, certificates of deposit, direct and general obligations of states, repurchase agreements relating to certain securities, and guaranteed investment contracts.

The State Treasurer has statutory responsibility for daily cash management activities of the State's agencies, departments, boards and commissions. Funds transferred to the West Virginia Board of Treasury Investments (BTI) for investment are in compliance with West Virginia Code, policies set by the BTI and by provisions of bond indentures and trust agreements when applicable. Certain of the Authority's cash balances are invested by the BTI's WV Short Term Bond Pool. As of June 30, 2010, the Authority had $3,009,000 in BTI's WV Short Term Bond Pool.

Interest Rate Risk – WV Short Term Bond Pool

The overall effective duration of the investments of the WV Short Term Bond Pool cannot exceed 731 days. Maximum maturity of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

Security Type	Carrying Value (In Thousands)	Effective Duration (Days)
U.S. Treasury bonds/notes	$ 158,423	583
Corporate notes	189,095	560
Corporate asset backed securities	43,565	679
U.S. agency bonds/notes	40,180	288
U.S. agency mortgage backed securities	4,540	360
Money market funds	17,715	1
	$ 453,518	530

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk - Other Investments

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, 2010, the Authority had the following investments (in thousands) and maturities (in years):

Investment Type	Fair Value	Less than 1	1-5	6-10	10+
Mutual bond funds	$ 27	$ 27	$ -	$ -	$ -
Government agency bonds	35,779	26,247	6,893	371	2,268
State government bonds	216	-	-	216	-
Corporate bonds	2,147	-	1,140	951	56
	$ 38,169	$ 26,274	$ 8,033	$ 1,538	$ 2,324

Concentration of Credit Risk – WV Short Term Bond Pool

Concentration of credit risk is the risk of loss attributed to the magnitude of the WV Short Term Bond Pool's investment in a single corporate issuer. The BTI investment policy prohibits the WV Short Term Bond Pool from investing more than 5% of the pool's assets in any one corporate name or one corporate issue. At June 30, 2010, the pool did not have investments in any one corporate name or corporate issue that represented more than 5% of pool assets.

Concentration of Credit Risk – Other Investments

As of June 30, 2010, the Authority had investment balances with the following issuers which were greater than or equal to 5% of the total investment balance:

Type	Issuer	Percentage of Investments
Government agency bonds	Federal Home Loan Bank	34%
	Federal National Mortgage Association	32%
	Federal Farm Credit Bank Bond	18%

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk - Cash Deposits

The Authority's cash deposits with financial institutions were $14,043 at June 30, 2010. These deposits, which had a bank balance of $14,474, are insured by the Federal Deposit Insurance Corporation and/or collateralized with securities held in the Authority's name by its agent.

Credit Risk – WV Short Term Bond Pool

The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated at least A by Standard & Poor's (or its equivalent). Commercial paper must be rated at least A-1 by Standard & Poor's and P1 by Moody's. The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

		Credit Rating		Carrying	Percent of
Security Type		Moody's	S&P	Value	Pool Assets
Corporate asset backed securities		Aaa	AAA	24,330	5.37
		Aaa	NR*	10,353	2.28
		Aa3	AAA	1,000	0.22
	**	Ba1	CC	45	0.01
	**	Ba2	BB	219	0.05
	**	B1	BBB	605	0.13
	**	B1	CCC	857	0.19
	**	B2	CCC	366	0.08
	**	B3	B	442	0.1
	**	B3	BBB	247	0.05
	**	B3	CCC	554	0.12
	**	Caa1	CCC	230	0.05
	**	Caa2	CCC	779	0.17
		NR	AAA	3,538	0.78
Total corporate asset backed securities				43,565	9.60
Corporate bond and notes		Aaa	AAA	72,549	16.00
		Aaa	AA	2,060	0.46
		Aa1	AA	5,430	1.20
		Aa2	AA	6,650	1.47
		Aa3	AA	6,722	1.48
		Aa3	A	13,850	3.05
		A1	AA	15,485	3.41
		A1	A	21,098	4.65
		A2	A	41,093	9.06
		A3	A	4,158	0.92
Total corporate bonds and notes				189,095	41.70

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – WV Short Term Bond Pool (Continued)

	Credit Rating		Carrying	Percent of
Security Type	Moody's	S&P	Value	Pool Assets
U.S. agency bonds	Aaa	AAA	40,180	8.86
U.S. Treasury notes ***	Aaa	AAA	158,423	34.93
U.S. agency mortgage backed securities ****	Aaa	AAA	4,540	1.00
Money market funds	Aaa	AAA	17,715	3.91
			453,518	100.00%

* NR = Not Rated

** These securities were not in compliance with BTI Investment Policy at June 30, 2010. 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 issued by the Government National Mortgage Association and are explicitly guaranteed by the United States government and are not subject to credit risk.

Credit Risk - Other Investments

The following table provides information on the credit ratings of the Authority's investments (in thousands):

		Rating	
Security Type	Fair Value	S&P	Moody's
Corporate Bonds	$ 1,558	AA+	Aa2
Corporate Bonds	157	AA-	Aa3
Corporate Bonds	136	AA-	A1
Corporate Bonds	133	AA-	A2
Corporate Bonds	107	AA-	A1
Corporate Bonds	56	A-	Aa3
	2,147		

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - Other Investments (Continued)

Security Type	Fair Value	Rating	
		S&P	Moody's
Government Agency Bonds	11,927	AAA	Aaa
Government Agency Bonds	9,304	AAA	Aaa
Government Agency Bonds	7,280	AAA	Aaa
Government Agency Bonds	3,272	AAA	Aaa
Government Agency Bonds	1,481	AAA	Aaa
Government Agency Bonds	1,309	AAA	Aaa
Government Agency Bonds	1,142	AAA	Aaa
Government Agency Bonds	49	AAA	Aaa
Government Agency Bonds	15	AAAm	Aaa
	35,779		
Mutual Bond Funds	26	AAAm	Aaa
Mutual Bond Funds	1	n/r	n/r
	27		
State Government Bonds	216	n/r	A3
	$ 38,169		

Credit risk is managed by limiting investments to the following types of debt securities in accordance with the Authority's bond indentures: direct obligations of or obligations guaranteed by the United States of America, the State of West Virginia or any other state, provided that obligations of other states meet certain requirements, obligations of certain federal agencies, certain types of indebtedness of public agencies or municipalities, and corporate indebtedness meeting certain requirements.

Custodial Credit Risk – All Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2010, the Authority held no securities that were subject to custodial credit risk.

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - DEPOSITS AND INVESTMENTS (Continued)

Foreign Currency Credit Risk - All Investments

There are no securities that are subject to foreign currency risk.

Other Information

A reconciliation of the investments disclosed in this Note to the amounts reported in the Balance Sheet is as follows (in thousands):

As disclosed in this Note:	
Total deposits	$ 14,043
Total WV Short Term Bond Pool	3,009
Total other investments	38,169
	$ 55,221
As reported on the Balance Sheet:	
Cash and cash equivalents	$ 14,085
Short-term investments	29,242
Investments in securities maturing beyond one year	11,894
	$ 55,221

The cost of investment securities and related accrued interest receivable is allocated at June 30, 2010 and 2009, among the following restricted accounts created under the various Trust Indentures or by the adoption of Authority resolution (in thousands):

	June 30	
	2010	2009
Restricted and designated assets:		
Assets restricted by Trust Indenture:		
Series 1993, 2002, and 2008 Reserves	$ 10,808	$ 10,808
Renewal and Replacement	8,743	10,077
Operating and Maintenance	4,464	4,164
Series 2001 Debt Service	-	114
Series 2002 Debt Service	617	618
Series 2008 Debt Service	887	936
Insurance Liability	1,000	1,000
Economic Development and Tourism	2,134	8,357
	28,653	36,074
Reserve Revenue, restricted by Tri-Party Agreement	15,078	835
Facility Improvement	1,173	1,347
Total restricted and designated assets	$ 44,904	$ 38,256

3 - 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 Economic Development and Tourism Account is designated to be used for economic development and tourism projects by the Authority. All revenues derived from these projects, 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 future facilities rehabilitation.

4 - CAPITAL ASSETS

A summary of capital assets at June 30, 2010 and 2009, follows (in thousands):

2010	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	$ 53,247	$ -	$ -	$ 53,247
Capital assets, being depreciated:				
Buildings	96,849	678	-	97,527
Equipment	8,949	686	574	9,061
Infrastructure	824,243	17,850	-	842,093
Total capital assets, being depreciated	930,041	19,214	574	948,681
Less accumulated depreciation for:				
Buildings	(52,204)	(3,423)	-	(55,627)
Equipment	(5,422)	(628)	(574)	(5,476)
Infrastructure	(441,624)	(27,109)	-	(468,733)
Total accumulated depreciation	(499,250)	(31,160)	(574)	(529,836)
Total capital assets, being depreciated, net	430,791	(11,946)	-	418,845
Total capital assets, net	$ 484,038	$ (11,946)	$ -	$ 472,092

2009	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	$ 53,247	$ -	$ -	$ 53,247
Capital assets, being depreciated:				
Buildings	96,799	50	-	96,849
Equipment	8,644	305	-	8,949
Infrastructure	815,899	8,344	-	824,243
Total capital assets, being depreciated	921,342	8,699	-	930,041
Less accumulated depreciation for:				
Buildings	(48,794)	(3,410)	-	(52,204)
Equipment	(4,785)	(637)	-	(5,422)
Infrastructure	(414,264)	(27,360)	-	(441,624)
Total accumulated depreciation	(467,843)	(31,407)	-	(499,250)

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - CAPITAL ASSETS (Continued)

2009	Beginning Balance	Increases	Decreases	Ending Balance
Total capital assets, being depreciated, net	453,499	(22,708)	-	430,791
Total capital assets, net	$ 506,746	$ (22,708)	$ -	$ 484,038

Buildings include the Caperton Center, which has a cost of approximately $27,909,215, and accumulated depreciation of $11,151,852 and $10,200,931, at June 30, 2010 and 2009, respectively.

Approximately $96,600 and $136,590 of interest costs were capitalized during the years ended June 30, 2010 and 2009, respectively.

5 - REVENUE BONDS PAYABLE

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

	2010	2009
Series 2001A Taxable Serial Bonds, issued $5,695 in December 2001 at 4.75% to 7.00%, due in varying installments from June 2002 through June 2011	$ -	$ 1,465
Series 2001B Bonds, issued serial bonds of $1,505 in December 2001, at 3.50% to 5.00%, due in varying installments from June 2003 through 2011	-	570
Series 2001B term bonds, $2,090 at 5.00%, due June 2013	-	2,090
Series 2001B term bonds, $2,305 at 5.125%, due June 2015	-	2,305
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	26,495	28,700

5 - REVENUE BONDS PAYABLE (Continued)

	2010	2009
Series 2008 Variable Rate Demand Revenue Refunding Bonds, $59,100 at variable rates, due in varying installments through May 2019	50,500	54,800
Total revenue bonds payable	76,995	89,750
Add:		
Unamortized premium	1,291	1,441
Less:		
Unamortized deferred loss on advance refunding	(8,050)	(9,073)
Unamortized discount and issuance costs	(847)	(959)
Current portion of revenue bonds payable	(7,135)	(7,405)
	$ 62,254	$ 73,754

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, $5,695,000 of Raleigh County, West Virginia, Taxable Commercial Development Revenue Refunding Bonds, Series 2001A and $5,900,000 of Commercial Development Revenue Bonds, Series 2001B (the Series 2001 Bonds) were issued pursuant to a bond resolution adopted by the County Commission of Raleigh County, West Virginia (the issuer), and a Trust Indenture, dated December 1, 2001 (the Indenture). The bond proceeds of the Series 2001A were used to advance refund $1,735,000 of the Series 1994 Bonds and $4,075,000 of the Series 1996 Bonds. The advance refunding resulted in a $491,000 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 2011, approximated $0 and $60,000 in 2010 and 2009, respectively. The Series 2001B Bonds were issued to construct and furnish an expansion of the Caperton Center. The Series 2001 Bonds are limited obligations of the Issuer payable solely from loan payments by the Authority pledged under the Indenture, and are also secured equally and ratably by a Trust Agreement among the Authority, the Issuer and a trustee, wherein the Authority has pledged certain non-toll revenues of the Authority including (i) net revenues of the Caperton Center; (ii) certain interest and other investment earnings; and (iii) gross revenues derived from concessionaire or other contracts with third parties relating to operations conducted by such third parties at any of the Authority's service plazas. Toll revenues derived by the Authority in connection with the operation of the Turnpike were not pledged or otherwise available to pay debt service on the

5 - REVENUE BONDS PAYABLE (Continued)

Series 2001 Bonds. The Authority completed the advance refunding to remove certain restrictive indenture requirements of the Series 1994 and Series 1996 bonds. The refunding resulted in an economic loss (difference between the present values of the old and new debt service payments) of $582,582.

The Authority completed an advance refunding of the Series 2001A and 2001B bonds on August 20, 2009. The Authority deposited $6,776,413 in an irrevocable trust with an escrow agent to provide debt service payments until the bonds mature or are called. The advance refunding meets the requirements of an in-substance defeasance and the defeased bonds will be removed from the Authority's financial statements as of the date of the advance refunding.

Additionally 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 $270,000 in 2010 and 2009. 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.

Principal and interest paid on the 2002 bonds for the years ended June 30, 2010 and 2009 were $3,706,238 and $3,795,488, respectively and the total pledged net revenues were approximately all toll revenues of the Authority.

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 $590,744 and $543,000 in 2010 and 2009, respectively. The Authority completed the refunding to remove the requirement for bond insurance that was included in the Series 2003 Bonds.

Principal and interest paid on the Series 2008 bonds for the years ended June 30, 2010 and 2009 were $6,683,250 and $7,028,462, respectively, and the total pledged revenues were approximately all toll revenues of the Authority.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - REVENUE BONDS PAYABLE (Continued)

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 rated implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rated implied by the current yield curve for hypothetical zero-coupon bonds due on the date of the future net settlement on the swap.

The fair value balance for the hedging derivative instrument outstanding at June 30, 2010, and the change in fair value of the instrument for the year end ended June 30, 2010, as report in the 2010 financial statements are as follows (in thousands):

Changes in fair value:	
Classification	Deferred outflow
Increase (decrease)	$(2,657,623)
Fair value at June 30, 2010	
Classification	Debt
Amount	$7,270,672

Risks

Credit Risk

The credit ratings of the counterparty to the interest rate swap are A1 from Moody's, A+ from Standards & Poors, 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, 2010, no collateralization was required by the interest rate swap agreement.

5 - REVENUE BONDS PAYABLE (Continued)

Interest rate risk

The Authority is not exposed to interest rate risk on this interest rate swap.

Basis risk

The Authority is exposed to basis risk on the fixed interest rate swap because the variable-rate payments received by the Authority on this hedging derivative instrument are based on an index other than interest rates the Authority pays on the hedged variable-rate debt, which are remarketed every week. As of June 30, 2010, the weighted-average interest rate on the Authority's hedged variable-rate debt was 3.25%, while 67% of the one month LIBOR was .80%.

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.

5 - REVENUE BONDS PAYABLE (Continued)

Swap Payments and Associated Debt

Using rates as of June 30, 2010, 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
2011	$ 4,700	$ 1,666	$ 663	$ 7,029
2012	4,700	1,511	631	6,842
2013	5,200	1,356	533	7,089
2014	5,200	1,184	470	6,854
2015	5,600	1,013	398	7,011
2016-2019	25,100	2,115	802	28,017
	$ 50,500	$ 8,845	$ 3,497	$ 62,842

Bonds Payable Progression and Maturities

The following schedule summarizes the revenue bonds outstanding as of June 30, 2010 and 2009 (in thousands):

2010	Beginning Balance	Additions	Retired	Amortization	Ending Balance	Due Within One Year
Series 2001	$ 6,151	$ -	$ (6,151)	$ -	$ -	$ -
Series 2002	26,115	-	(2,205)	270	24,180	2,435
Series 2008	48,893	-	(4,300)	616	45,209	4,700
	$ 81,159	$ -	$ (12,656)	$ 886	$ 69,389	$ 7,135

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NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - REVENUE BONDS PAYABLE (Continued)

2009	Beginning Balance	Additions	Retired	Amortization	Ending Balance	Due Within One Year
Series 2001	$ 6,935	$ -	$ (845)	$ 61	$ 6,151	$ 900
Series 2002	28,030	-	(2,185)	270	26,115	2,205
Series 2003	53,128	-	(53,128)	-	-	-
Series 2008	-	52,602	(4,300)	591	48,893	4,300
	$ 88,093	$ 52,602	$ (60,458)	$ 922	$ 81,159	$ 7,405

Debt service requirements for the Revenue Bonds subsequent to June 30, 2010, are as follows (in thousands):

Year Ending June 30	Principal Maturities	Interest, Including Accretion	Total
2011	$ 7,135	$ 3,585	$ 10,720
2012	7,120	3,281	10,401
2013	7,895	2,913	10,808
2014	7,910	2,548	10,458
2015	8,540	2,177	10,717
2016-2019	38,395	4,507	42,902
	$ 76,995	$ 19,011	$ 96,006

Principal outstanding June 30, 2009	$ 76,995
Add:	
Unamortized premium	1,291
Less:	
Unamortized deferred loss on advance refunding	(8,050)
Unamortized discount and issuance costs	(847)
Current portion of revenue bonds payable	(7,135)
Long-term portion	$ 62,254

5 - REVENUE BONDS PAYABLE (Continued)

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, 2010 and 2009, the Authority's estimated arbitrage rebate liability was zero.

6 - CAPITAL LEASING

The Authority entered into four lease agreements during FY 2006 for the financing of roadside maintenance vehicles, police cruisers, miscellaneous maintenance vehicles, and roadway maintenance vehicles. Additionally, the Authority entered into three additional leases during the year ended June 30, 2008 for the purpose of upgrading communication towers and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

In accordance with the Authority's capitalization guidelines, the Authority expensed $437,031 of the equipment. The remaining assets acquired through capital leases are as follows (in thousands):

Equipment	$ 2,732
Less accumulated depreciation	(1,023)
Total	$ 1,709

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows (in thousands):

Year Ending June 30	
2011	$ 363
2012	228
2013	82
Total minimum lease payments	673
Less amount representing interest	(39)
Present value of minimum lease payments	634
Less current portion	363
Long-term portion	$ 271

7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Authority participates in the West Virginia Other Postemployment Benefit Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee 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 ARC was $3,578,134, $1,574,968, and $1,894,496, and the Authority has paid premiums of $695,487, $797,190, and $914,944, which represent 19.44%, 50.62%, and 48.29% of the ARC, respectively, for the years ending June 30, 2010, 2009, and 2008. During the years ended June 30, 2008, the Authority received an on-behalf payment from the WVPEIA in the amount of $495,504. This amount was transferred to the OPEB Plan which resulted in net liabilities of $4,144,473, and $1,261,826, which are included in the Authority's Balance Sheet as of June 30, 2010, and 2009, respectively.

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. The PERS also provides deferred retirement,

8 - PENSION PLAN (Continued)

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.

Covered employees are required to contribute 4.5% of their salary to the PERS. Beginning July 1, 2009, the Authority is required to contribute 11.0% of covered employee's salaries to the PERS. 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, 2010, 2009, and 2008 are as follows (in thousands):

	2010	2009	2008
Authority contributions	$ 1,681	$ 1,541	$ 1,594
Employee contributions	669	653	683
Total contributions	$ 2,350	$ 2,194	$ 2,277

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 through its participation in the former West Virginia State Workers Compensation Fund and effective January 1, 2006, Brickstreet Mutual Insurance Company (Brickstreet), a state government mandated private business entity, 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, 2010, the Authority's insurance coverage has been sufficient to meet all claims and settlements against the Authority.

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, 2010, the Authority had contractual commitments totaling $16,170,894 for various Turnpike System improvement projects.

11 - NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this statement will be effective for the Authority in the fiscal year beginning July 1, 2010. Authority management has not yet determined whether these new requirements might significantly affect the Authority's financial position or results or operations for that fiscal year.

12 – CHANGE IN ENTITY NAME

Pursuant to Senate Bill 427 the Authority's legal name was changed to the West Virginia Parkways Authority effective July 1, 2010.

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

To the Members of the
West Virginia Parkways, Economic Development
and Tourism Authority

We have audited the financial statements of the West Virginia Parkways, Economic Development and Tourism Authority (the Authority) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2010-1 to be a material weakness.

Compliance and Other Matters

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

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management, the Members of the Authority, the Members of the West Virginia Legislature, and the West Virginia Department of Administration and is not intended to be and should not be used by anyone other than these specified parties.

Gibbons & Kawash

October 22, 2010

OTHER FINANCIAL INFORMATION

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES

2010-1 Review and Approval of Cash Disbursements

Condition:

The Treasurer, one of three authorized signatories on the Authority's checks, pre-signs approximately 50 manual checks at a time and leaves them in the possession of the accounts payable clerk. When a manual check is needed the accounts payable clerk prepares the check, attaches the required support for payment, and forwards them to the Director of Finance or the General Manager to approve the disbursement and add the second required signature.

Criteria:

Expenditures should be properly approved and authorized prior to the disbursement being made. To achieve this, the Authority has established controls that require each check disbursement to be signed by two of the three authorized signatories on the account. The Treasurer serves as a key component in this control procedure.

Context:

The amount of disbursements made by pre-signed manual checks is material to the Authority's financial statements.

Effect:

Cash disbursements can and have been made without proper review and approval. Accordingly, the control procedures over manual check based cash disbursements is not functioning as designed.

Cause:

The Authority has established control procedures that do not meet the object for which control was designed.

Recommendation:

Management should establish procedures that prohibit the pre-signing of any checks by the authorized signatories. Management should consider the need to add additional appropriate signatories to the account to ensure that each disbursement is properly reviewed and approved.

Views of Responsible Officials:

The Authority has an established program of disbursing checks twice per month on approximately the 10^{th} and the 25^{th} and currently produces approximately 450 to 550 checks in each of the two check runs.

2010-1 Review and Approval of Cash Disbursements (Continued)

Views of Responsible Officials: (Continued)

This procedure has worked efficiently and helps to ensure expenses incurred are included in the proper month for accounting reporting purposes by allowing extra time for processing the paperwork past month-end.

From time-to-time, and normally beyond the control of the Authority, checks are required to be distributed immediately in between the normal check dates. To compensate for the fact that the Treasurer is not on-site and is normally unavailable on short notice, the above described system was established where checks were signed by the Treasurer to be later processed for payment. Concurrently, procedures were established for the physical custody of these checks and to ensure the Treasurer access to the required support for payment. While this procedure has worked many years without incident, management acknowledges the concerns expressed above.

As a result, management has made significant efforts to further limit the number of manual checks written such as substituting an electronic transfer of funds for certain items related to payroll, utilizing petty cash, or by using credit cards where possible. While these efforts have been successful, there will still be a need at certain times for manual checks. As a result, the Authority will be making two updates to its current banking resolution. First, the Director of Operations will be added as an allowed signatory on the accounts and second, the resolution will be updated allow for only one authorized signature for checks of less than $1,000.00 while continue to require dual signatures for checks of $1,000 or more. A dollar limit on the total amount of single signature checks issued each month will also be instituted as part of this resolution. Together with the reduction in the number of manual checks issued, these changes will allow the Authority to continue to operate efficiently without requiring the Treasurer to pre-sign checks.

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 7

GAAP REPORTING FORM - DEPOSITS DISCLOSURE

Audited Agency **West Virginia Parkways, Economic Development and Tourism Authority**

Per GASB Statement 40 the Institution must disclose it's deposit policy. The deposit policy must be formally adopted through legal or contractual provisions. Disclosure of any statutory policies are also required. Please provide in the space below the Instituti

See Note 3 to the financial statements.

							2	3A	3B	3C	Foreign Currency Risk		
	Carrying Amount	Restricted Carrying Amount	Total Carrying Amount	Bank Balance	FDIC Insured Amount	Collateralized Amount	Amount Collateralized with securities held by the pledging financial institution's trust department or agent in the government's name	Amount Uninsured and Uncollateralized	Collateralized with securities held by the pledging financial institution but not in the name of the depositor	Collateralized with securities held by the pledging financial institution trust department or agency but not in the name of the depositor	Currency Type	Maturity	Fair Value
Balances as of	June 30, 2010												
Cash with Treasurer													
Per WVFIMS Opening Balance Report	$ -	$ -	$ -										
Cash with Municipal Bond Commission	-	-	-										
Cash on Hand	-	-	-										
Cash in Transit to WVFIMS	-	-	-										
Cash with Board of Trustees	-	-	-										
Cash in Outside Bank Accounts	14,043	-	14,043	$ 14,474	$ 13,625	$ 849	$ -	$ -	$ -	$ -	n/a	n/a	$ -
Cash in Escrow	-	-	-	-	-	-	-	-	-	-	n/a	n/a	-
Certificates of Deposits (Non-Negotiable	-	-	-	-	-	-	-	-	-	-	n/a	n/a	-
Other: ___________________	-	-	-	-	-	-	-	-	-	-	n/a	n/a	-
Total	$ 14,043	$ -	$ 14,043	$ 14,474	$ 13,625	$ 849	$ -	$ -	$ -	$ -			$ -

PLEASE SEND COMPLETED FORMS TO:

State of West Virginia
Financial Accounting and Reporting Section
2101 Washington Street East
Building 17, 3rd Floor
Charleston, WV 25305

Telephone Number (304) 558-4083
Fax Number (304) 558-4084

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 8

GAAP REPORTING FORM - INVESTMENTS DISCLOSURE

Audited Agency **West Virginia Parkways, Economic Development and Tourism Authority**

Per GASB Statement 40 the Institution must disclose it's investment policy. The investment policy must be formally adopted through legal or contractual provisions. Disclosure of any statutory policies are also required. Please provide in the space below the Institution's investment policy

See Note 3 to the financial statements

	Reported Amount Unrestricted	Reported Amount Restricted	Custodial Credit Risk: Category 1	Category 2 (Based on reported amounts)	Category 3	Reported Amount**		Fair Value	Credit Ratings: Standard & Poor's	Moody's	Fitch	Interest Rate Risk - Segmented Time Distribution, Investment Maturities (in years): Less than 1	1 - 5	6 -10	More than 10	Foreign Currency Risk: Currency Type	Maturity	Fair Value
Investments with Investment Mgmt Board (IMB) **Per WVFIMS Opening Balance Report**	$ -	$ -				$ -		$ -										
Investment Earnings not Posted to WVFIMS As of 6/30/10	-	-				-		-										
Investments with Board of Treasury Investments (BTI) **Per Opening Balance Report**	-	-				-		-										
Investment Earnings not Posted to WVFIMS As of 6/30/10	-	-				-		-										
Investments Outside IMB:																		
U.S. Treasury Obligations	0	0	$ -	$ -	$ -	0	( )	0				$ -	$ -	$ -	$ -			
U.S. Government Agencies	35,779	-	35,779	-	-	35,779	(F)	35,779	Various (see note 3 to financial statements)			26,247	6,893	371	2,268			
Other Government Bonds	3,225	-	3,225	-	-	3,225	(F)	3,225	Various (see note 3 to financial statements)			3,009	-	216	-	n/a	n/a	n/a
Corporate Bonds	2,147	-	2,147	-	-	2,147	(F)	2,147	Various (see note 3 to financial statements)			-	1,140	951	56	n/a	n/a	n/a
Corporate Stocks	-	-	-	-	-	-	( )	-				-	-	-	-	-	-	-
Mutual Bond Funds	27	-	27	-	-	27	(F)	27	Various (see note 3 to financial statements)			27	-	-	-	n/a	n/a	n/a
Mutual Stock Funds	-	-	-	-	-	-		-				-	-	-	-	-	-	-
Mutual Money Market Funds	-	-	-	-	-	-		-				-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	( )	-				-	-	-	-	-	-	-
Bank Investment Contract	-	-	-	-	-	-		-				-	-	-	-	-	-	-
Guaranteed Investment Contract	-	-	-	-	-	-	( )	-				-	-	-	-	-	-	-
Repurchase Agreements ****	-	-	-	-	-	-	( )	-				-	-	-	-	-	-	-
State/Local Gov't Securities	-	-	-	-	-	-	( )	-				-	-	-	-			
Certificate of Deposits (Negotiable)	-	-	-	-	-	-	( )	-				-	-	-	-	-	-	-
Other Investments (describe):	-	-	-	-	-	-	( )	-				-	-	-	-	-	-	-
	-	-	-	-	-	-	( )	-				-	-	-	-	-	-	-
	-	-	-	-	-	-	( )	-				-	-	-	-	-	-	-
Total	$ 41,178	$ -	$ 41,178	$ -	$ -	$ 41,178		$ 41,178				$ 29,283	$ 8,033	$ 1,538	$ 2,324			$ -

****** MUST COMPLETE THE BELOW INFORMATION IF REPURCHASE AGREEMENTS WERE IDENTIFIED ABOVE:**

Collateral Description on the Repurchase Agreements	Fair Market Value of Collateral

PLEASE SEND COMPLETED FORMS TO:

State of West Virginia
Financial Accounting and Reporting Section
2101 Washington Street East
Building 17, 3rd Floor
Charleston, WV 25305

Telephone Number (304) 558-4083
Fax Number (304) 558-4084

**NOTE: THE REPORTED AMOUNTS SHOULD BE IDENTIFIED AS EITHER AMORTIZED COST (A) OR FAIR VALUE (F).

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 8A

GAAP REPORTING FORM - DEPOSITS AND INVESTMENTS RECONCILIATION

Audited Agency **West Virginia Parkways, Economic Development and Tourism Authority**

Reconciliation of cash, cash equivalents and investments as reported in the financial statements to the amounts disclosed in the footnote:

Deposits:	
Cash and cash equivalents as reported on balance sheet	$ 14,085
Less: cash equivalents disclosed as investments	(42)
Add: restricted assets disclosed as deposits	
Other (describe)	
Carrying amount of deposits as disclosed on Form 7	$ 14,043
Investments:	
Investments as reported on balance sheet	$ 41,136
Add: restricted assets disclosed as investments	
Add: cash equivalents disclosed as investments	42
Other (describe)	
Reported amount of investments as disclosed on Form 8	$ 41,178

See Independent Auditor's Report.

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

REVENUE BOND COVERAGE (1)

Form 13-Supplement

Year Ended June 30, 2010
(In Thousands)

	2010	2009	2008
Revenues:			
Toll revenues	$ 79,871	$ 53,341	$ 56,563
Adjustments to toll revenues per Trust Indentures	(683)	200	127
Total revenues	79,188	53,541	56,690
Operating expenses	75,760	71,272	71,340
Adjustments to operating expenses per Trust Indentures:			
Depreciation	(31,160)	(31,406)	(31,064)
Renewal and replacement provided for by reserves	(2,617)	(2,963)	(2,714)
Economic development and tourism costs	(5,102)	(5,020)	(5,590)
Other	(3,747)	(975)	(789)
Total operating expenses	33,134	30,908	31,183
Net revenues available for debt service	$ 46,054	$ 22,633	$ 25,507
Revenue bond coverage items:			
Total debt service	10,670	12,218	11,852
Renewal and replacement reserve requirement per recommendation of consulting engineer	8,743	10,077	9,073
Total debt service and renewal and replacement	$ 19,413	$ 22,295	$ 20,925
Coverage percentages:			
Total debt service (150% required since 2002, 125% previously required) (1)	431.62 %	185.24 %	215.21 %
Total debt service and renewal and replacement per recommendation of consulting engineer (100% required)	237.23 %	101.52 %	121.90 %

(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, 2010, 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.

2007	2006	2005	2004	2003	2002	2001
$ 58,165	$ 61,858	$ 57,999	$ 56,854	$ 54,757	$ 54,939	$ 53,631
54	(52)	153	972	93	(118)	485
58,219	61,806	58,152	57,826	54,850	54,821	54,116
69,124	70,176	68,253	66,016	65,103	63,542	62,171
(30,127)	(29,877)	(29,779)	(28,675)	(28,265)	(29,167)	(28,525)
(1,366)	(2,700)	(2,098)	(3,672)	(2,577)	(1,839)	(2,068)
(6,166)	(6,004)	(6,051)	(5,420)	(4,406)	(3,919)	(3,842)
1,141	(117)	(67)	457	(2,272)	(1,251)	(1,444)
32,606	31,478	30,258	28,706	27,583	27,366	26,292
$ 25,613	$ 30,328	$ 27,894	$ 29,120	$ 27,267	$ 27,455	$ 27,824
10,876	10,801	10,505	12,439	12,693	11,240	11,176
4,352	4,331	4,151	3,460	2,442	2,383	2,917
$ 15,228	$ 15,132	$ 14,656	$ 15,899	$ 15,135	$ 13,623	$ 14,093
235.50 %	280.79 %	265.53 %	234.10 %	214.82 %	244.26 %	248.96 %
168.20 %	200.42 %	190.32 %	183.16 %	180.16 %	201.53 %	197.43 %