WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT AND TOURISM AUTHORITY

(a Component Unit of the State of West Virginia)

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2003

Prepared by:

Controller of West Virginia Parkways,
Economic Development and Tourism
Authority

West Virginia Parkways, Economic Development and Tourism Authority

Comprehensive Annual Financial Report

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West Virginia Parkways, Economic Development and Tourism Authority

West Virginia Parkways, Economic Development and Tourism Authority

List of Authority Members, Administrative Staff, and Professional Consultants

June 30, 2003

Authority Members		**Date Appointed**	**Term Expires**
Authority Chairman	Fred VanKirk, P.E.(1)	January 16, 2001	(1)
Authority Vice Chairman	Thomas A. Winner (2),(5),(6)	June 1, 1999	May 31, 2007
Authority Secretary	Joseph F. Marsh (3),(4)	September 23, 1998	May 31, 2006
Authority Assistant Secretary	M. Ann Bradley (2),(4),(6)	June 1, 1996	May 31, 2004
Member	David L. Dickirson (3),(4),(5)	October 8, 2003	May 31, 2011
Member	Hulett C. Smith (4),(6)	October 8, 2003	May 31, 2010
Member	Alan L. Susman (2),(3),(4)	April 11, 2001	May 31, 2008

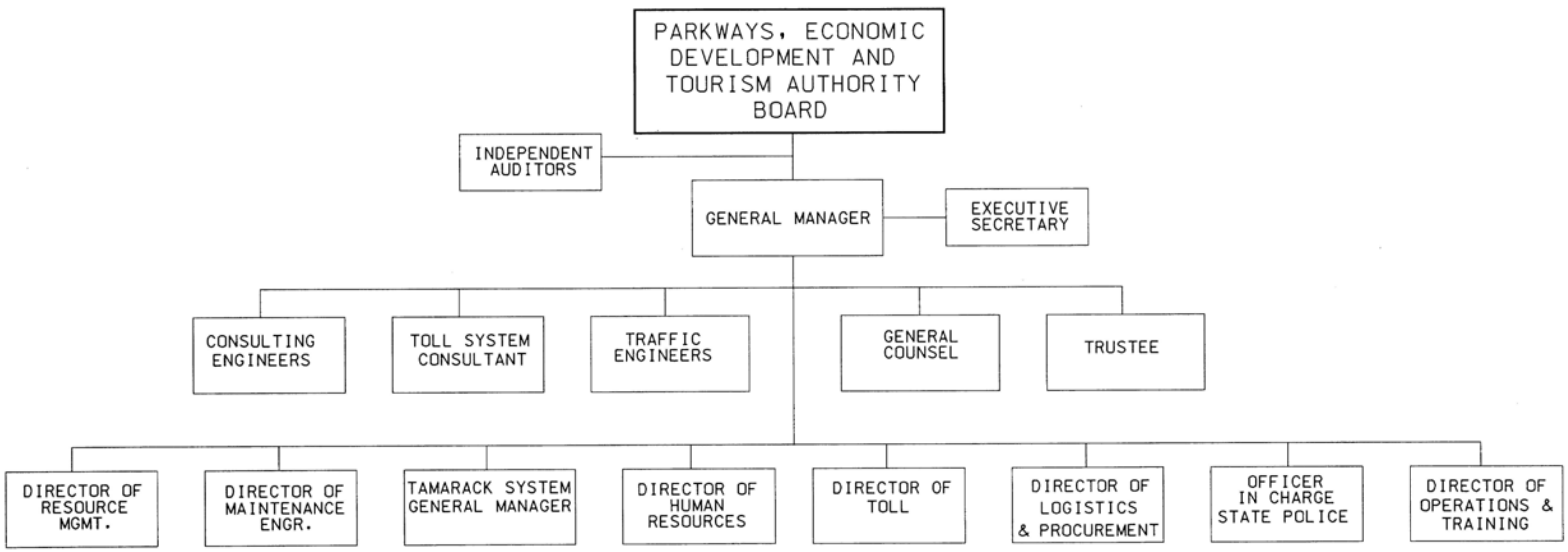
Administrative Staff	
General Manager	Gregory C. Barr
General Counsel	A. David Abrams, Jr.
Treasurer	David H. Rollins
Controller	Parrish T. French
Director of Maintenance Engineering	Walter Brubaker, Interim
Director of Tolls	Steve Maynard
Director of Contract Administration and Procurement	Alberta Kincaid-Gilbert
Director of Operations and Training	Tyrone C. Gore
Director of Human Resources	Carrie Roache
Officer in Charge of State Police	Captain Annette Sovastion
General Manager - Tamarack	Cheryl Hartley
Executive Secretary	Teresa Nissel

Professional Consultants	
Trustee	United Bank, Charleston, West Virginia
Independent Auditors	Gibbons & Kawash, Charleston, West Virginia
General Counsel	Abrams & Byron, Beckley, West Virginia
Consulting Engineers	HNTB Corporation, Charleston, West Virginia
Traffic Engineers	Wilbur Smith Associates, New Haven, Connecticut
Investment Manager	United Bank, Charleston, West Virginia
Toll System Consultant	Vollmer Associates, New York, New York

(1) Under the provisions of the Act which created the Authority, the Secretary of Transportation serves as Authority Chairman. On January 16, 2001, Governor Bob Wise appointed Fred VanKirk, Secretary of Transportation.
(2) Member of Finance Committee.
(3) Member of Facilities Committee.
(4) Member of Economic Development Committee.
(5) Member of Equipment and Purchasing Committee.
(6) Member of Personnel Committee.

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT AND TOURISM AUTHORITY

ORGANIZATION CHART



12/10/02

BOB WISE
Governor

GREGORY C. BARR
General Manager

WEST VIRGINIA PARKWAYS ECONOMIC DEVELOPMENT AND TOURISM AUTHORITY

P.O. BOX 1469
CHARLESTON, WEST VIRGINIA 25325-1469
TELEPHONE: 304/926-1900
FAX: 304/926-1909
www.wvturnpike.com

October 24, 2003

United Bank, Inc. (formerly United National Bank), Trustee and
Financial Guaranty Insurance Company

The West Virginia Parkways, Economic Development and Tourism Authority, pursuant to section 7.13(c) of the Indenture of Trust dated February 15, 1993 as supplemented, presents herewith its annual report covering the period from July 1, 2002 through June 30, 2003. Please note that all Bonds issued under the Indenture of Trust dated October 15, 1989, have been retired or defeased.

Respectfully submitted,

Fred VanKirk, P.E.
Chairman

BOB WISE
Governor

GREGORY C. BARR
General Manager

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October 24, 2003

United Bank, Inc. (formerly United National Bank), Trustee and
UBS Financial Services, Inc. and
Crews & Associates, Inc., Underwriters

The West Virginia Parkways, Economic Development and Tourism Authority, pursuant to section 5.11(a) of the Bond Purchase and Loan Agreement between Raleigh County, West Virginia, and the West Virginia Parkways, Economic Development and Tourism Authority dated December 1, 2001, presents herewith its annual report covering the period from July 1, 2002 through June 30, 2003. Please note that as of December 13, 2001, those Series 1996 Bonds issued by Raleigh County, West Virginia (the "Issuer"), under the Trust Indenture dated November 1, 1996 (the "1996 Indenture"), were defeased using proceeds of the Issuer's Series 2001A Taxable Commercial Development Refunding Revenue Bonds, discharging the lien of the 1996 Indenture.

Respectfully submitted,

Fred VanKirk, P.E.
Chairman

BOB WISE
Governor

GREGORY C. BARR
General Manager

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

INTRODUCTION

The comprehensive annual financial report of the West Virginia Parkways, Economic Development and Tourism Authority (the Authority) for the fiscal year ended June 30, 2003, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of Authority members, administrative staff, and professional consultants, the Authority's organization chart, and transmittal letters. The financial section includes the financial statements, management's discussion and analysis (MD & A), as well as the independent auditors' report on the financial statements. The MD & A provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD & A and should be read in conjunction with it. The statistical section includes selected financial and traffic information, generally presented on a multi-year basis.

The Authority was created as successor-in-interest to the West Virginia Turnpike Commission (the Turnpike Commission) by an Act of the West Virginia Legislature effective June 1, 1989 (the Act). 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. While the Authority has the power to enact and amend its own operating budget, it receives no appropriations from the State of West Virginia (the State) and is not subject to state statutory budget controls.

The State imposes its will over the Authority through the Authority's seven-member board. The State's Secretary of Transportation serves as chairman of the Authority. The other six members are appointed by the Governor with the approval of a majority of the Senate. They serve eight-year uncompensated terms and may be reappointed. Therefore, 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. Since no entities exist which meet the criteria for defining component units relative to the Authority, it has no component units.

The Authority is empowered under the Act to continue the operation of the West Virginia Turnpike. The Authority was also formed for the purpose of providing for the construction, operation, and financing of parkway, economic development and tourism projects as those terms are defined in the Act. To facilitate these objectives, the Authority is empowered to issue revenue bonds of the State of West Virginia, payable solely from project revenues, as provided in the Act, and to issue revenue refunding bonds of the State of West Virginia, payable solely from revenues, for certain designated purposes, including eliminating outstanding debt previously issued by the Turnpike Commission.

WEST VIRGINIA TURNPIKE SYSTEM

The West Virginia Turnpike (the Turnpike) is an 88-mile toll roadway located between Charleston and Princeton, West Virginia. The Turnpike carries the designation of I-77 for its entire length. At its northern terminus near Charleston, the Turnpike intersects with U.S. Rte. 60. I-79 feeds into I-77 approximately 10 miles north of the northern terminus of the Turnpike. At the southern terminus near Princeton, the Turnpike intersects with U.S. Rte. 460. Also, U.S. Rte. 19 (Corridor L) near Beckley is important as a connector road. The Turnpike is an integral part of the I-77 road network, which extends from Cleveland, Ohio to Columbia, South Carolina. In 1988 the final segment of I-64, which intersects with the Turnpike south of Beckley, was completed. The section of the Turnpike between the I-64 interchange and the northern terminus in Charleston carries the I-64 designation as well. I-64 travels west to east from St. Louis, Missouri to Virginia Beach, Virginia.

The Turnpike uses a toll barrier system with three main-line toll barriers located between Charleston and Princeton. There are entrance-exit ramps off the main line connecting to local feeder roads at 18 locations. All such ramps are toll-free except for the interchange just north of Beckley (intersection of U.S. Rte. 19) which maintains a toll barrier facility.

There are three "travel plazas" on the Turnpike which provide restaurant, fuel, and rest facilities. These modern state-of-the-art facilities provide convenient service to Turnpike travelers and also serve as tourist information centers that foster a positive image of West Virginia. Two such areas, Morton and Bluestone, were completed in 1991 and are accessible by northbound travelers, and the Beckley facility can be accessed by northbound and southbound motorists. Completion of the Beckley travel plaza in July 1993 marked the completion of the reconstruction of all the service areas. The Turnpike signed a ten-year food service contract with HMS Host to operate its food and restaurant concessions effective January 2000. All three plaza restaurants were renovated during fiscal year 2001 to provide new food concepts and greater services. The new concepts are Starbucks Coffee, Burger King, Tudor's Biscuit World, Blimpies and Travel Marts. Fuel services under the management of Petroleum Marketers Inc. (PMI) have been greatly enhanced through the addition of a new four-pump diesel satellite station at Beckley and new state-of-the-art gasoline dispensers, which provide greater options and faster service. In addition to these full service facilities are two rest areas accessible to southbound motorists. The rest area at mile 69 provides restrooms, snacks and sandwiches, vending machines, picnic shelters, public telephones, lighting and extensive landscaping. The rest area at Mile 18 has no facilities, but provides a scenic view of the Bluestone River.

The Turnpike is patrolled by an authorized 27-member troop (Troop 7) of the West Virginia State Police that is responsible for traffic safety management and drug interdiction. Troop 7 patrols the 88-mile toll road 24 hours a day, seven days a week making the Turnpike the most heavily patrolled section of highway within the State of West Virginia. State Police members assigned to the Turnpike are dedicated to making the road a safer highway for use by the motoring public by obtaining motorist compliance with the posted speed limits, assisting disoriented and disabled motorists, detecting and apprehending drivers impaired by alcohol/drugs and apprehending drug traffickers. Traffic safety management is enhanced by the addition of Laser Speed Monitoring Devices and Speed Monitoring Awareness Radar Trailers. In addition, one canine drug detection unit is utilized as part of the drug interdiction efforts. Troop 7's efforts have been bolstered by the addition of a Public Service Commission (PSC) officer whose primary focus is inspection and enforcement of commercial vehicles safety and operation. The Authority provides a “Courtesy Patrol” to assist Turnpike travelers with disabled vehicles. Each of the three roadway maintenance sections provides a minimum of one patrol, seven days per week, twenty-four hours per day. During regular work hours all Turnpike maintenance vehicles participate in this patrol. The Parkways Authority is dedicated to ensuring Turnpike patrons enjoy safe roadways and the presence of the troopers enforcing traffic laws and assisting citizens along with the other services mentioned above brings about public confidence and security.

HISTORY OF THE WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT AND TOURISM AUTHORITY

The predecessor organization, the Turnpike Commission, was created by the State Legislature in 1947. It was charged with the development of a four-lane highway that would stretch form Charleston to Princeton, and become part of a major highway from Cleveland, Ohio to North Carolina. The first Commission was appointed in 1949 and set about building a highway that would open the very heart of the Mountain State to transportation and commerce from north, south, east, and west. Previously, this area had been shunned, and residents and area travelers reluctantly labored over inadequate roadways completely encompassed by unyielding terrain. In November 1951, a location was designated for the roadway. Varying only a few miles either way from a straight line between Charleston and Princeton, the route would cut only 22 miles from the original mileage between the two cities but have an estimated two hours driving time, one-half the previously existing time. The original traffic survey estimated the first year’s traffic would be over two million vehicles. (In fiscal years 2003 and 2002, approximately 34.4 million and 34.5 million transactions, respectively, occurred on the road.)

Project plans were revised to build only two lanes initially, leaving two lanes for later expansion. The original cost estimate for this project was $78 million. The Commission issued $96 million of 3-3/4% revenue bonds in April 1952, and groundbreaking took place in August of that year. Due to the occurrence of large slides midway through construction that had to be corrected at additional expense, revenue bonds for an additional $37 million were sold at 4-1/8%. The year 1953 kicked off a period of intense earthmoving that at its peak reached a million cubic yards a week and totaled 30 million cubic yards.

In September 1954, the southern 36 miles of the roadway between Princeton and Beckley were opened, followed in November by the opening of the last 52 miles between Charleston and Beckley. At the time, this represented the greatest road building project West Virginia had ever seen. The $1.5 million cost per mile was only one of the staggering statistics used by journalists as far away as Michigan and New York to describe their "amazement at an engineering achievement of such heroic proportions."

In 1958, the Turnpike, along with those of Ohio and Pennsylvania, was incorporated into the nationwide Interstate and Defense Highway System established two years earlier. A decade later there were major changes, beginning with the Federal Highway Act of 1966, which set interstate design standards to require at least four traffic lanes. The Federal Highway Act of 1968 included a provision permitting the State to use interstate funding for right-of-way acquisition and reconstruction of the Turnpike commencing in 1970. Thus, planning for the upgrading began, and over the ensuing 17 years sufficient interstate funding was secured to ensure completion of the Turnpike upgrading 13 years before the turn-of-the-century date originally anticipated. On September 2, 1987, the upgrading to interstate standards was concluded resulting in a scenic, modern four-lane divided interstate highway. The last contract to be completed was symbolic of the massive reconstruction of the Turnpike that involved over one-third more earthmoving than the original construction and cost approximately $741 million. Financing was accomplished through the use of federal highway funds on a 90% federal/10% state matching basis. The West Virginia Department of Highways (WVDOH) supplied the 10% matching funds. The Authority repaid the 10% matching funds to the WVDOH with the last payment made in June 1994.

On July 15, 1988, the final segment of Interstate 64 was completed from a point of intersection with the Turnpike five miles south of Beckley extending to the Virginia border. The Turnpike thus became a veritable east-west highway, as well as a north-south route. In conjunction with the upgrading of the Turnpike to interstate standards and the completion of connecting interstate highways, a dramatic traffic growth occurred during the 1980s resulting in traffic doubling every five years. A sharp traffic increase also occurred after November 8, 1989 when toll collection was discontinued at 12 local interchanges, leading to heavy usage by local residents. Traffic increased annually until FY 2001 when rising motor fuel prices and a national recession negatively impacted toll revenue resulting in a 2.8% decline from the previous year. Toll revenues returned to a positive growth trend in FY 2002 with a 2.4% increase. In FY 2003, toll revenues remained flat as compared to FY 2002 with a decrease of .3%.

The Authority was created on June 1, 1989, replacing the Turnpike Commission in the mission of operating the 88 mile-long Turnpike, and expanding its role in the assumption of the tasks to include the promotion and enhancement of economic development, tourism, agricultural and industrial development of West Virginia.

On January 1, 1994, the Authority began issuing Parkways Authority Commuter Cards, "PAC CARDS" for high frequency users of the West Virginia Turnpike that include non-commercial passenger cars and pickup trucks. This discount program costs $25/quarter or $100/year per mainline barrier. Daily commuters achieve an 85% savings through participation in this program.

Since its inception, the Authority has promoted economic development within its service area and has invested approximately $4,700,000 in various economic development projects principally to spur light manufacturing and high technology concerns and to stimulate employment in the vicinity of the Turnpike.

The travel and tourism industry also presents significant opportunities for economic development and entrepreneurial efforts in West Virginia. The Authority is participating in those activities that provide technical assistance in tourism planning, destination development, and hospitality training. Specifically, the bolstering of West Virginia's chief cottage industry, arts and crafts, is being successfully done at the arts and crafts retailing shops at the Beckley, Morton and Bluestone tourist information centers, as well as the West Virginia Tourist Information and Welcome Center located at Princeton. A major emphasis in the development of the travel plazas/tourist information centers has been to enhance and promote the image of the State of West Virginia to motorists and visitors to the State. The arts and crafts gift shops have also heightened the awareness of the emerging arts and crafts industry within the State, evoking favorable impressions and comments.

Cottage industries are important to West Virginia and the Parkways Authority provides a centralized system called *TAMARACK* that enables artists and craftsmen to focus their efforts on quality and production. *TAMARACK,* through its warehousing operation, provides a wholesale market for the individual artisan. As part of the Authority's focus on economic development and tourism, the Authority constructed a 59,000-square-foot arts and crafts center, named *TAMARACK-The Best of West Virginia,* on its 104-acre tract adjacent to the Beckley Service Plaza and opened this facility in May 1996. Subsequently, the Authority Board renamed the building "The Caperton Center" in honor of then Governor Gaston Caperton to recognize his visionary leadership in the expansion of the West Virginia arts and crafts cottage industry.

The Authority's staff maintains contact with all appropriate state agencies and takes an active role in community and civic initiatives such as providing support to convention and visitor's bureaus, serving on various boards and committees of local and state chambers of commerce, and numerous other organizations involved in regional economic development. The Authority continues to consider additional investments that will help diversify employment opportunities for West Virginians and assist developing companies in their efforts to be successful in West Virginia.

CAPITAL IMPROVEMENTS PROGRAM

The Parkways Authority is committed to a proactive rehabilitation plan to safeguard its existing assets. Management and the Authority's consulting engineer have developed a 30-year Parkways Authority Master Plan (the Plan) to provide the Authority with near-, mid-, and long-term maintenance, repair, construction, and capital improvement requirements. The Plan assists management and members of the Authority in their planning, programming and budgeting endeavors. The Plan has four distinct, yet interdependent 30-year subplans. These subplans include the Pavement and Bridge Rehabilitation Plan, the Traffic Management System Plan, the Building Facilities Plan and the Toll Systems Plan. The Plan is updated on an annual basis to reflect current conditions and future trends.

The Authority has established a "Reserve Revenue Fund" to pay for future pavement and bridge rehabilitation projects such as asphalt overlays, pavement restoration techniques, and bridge painting and retrofit work. In the past, the Authority has funded extraordinary maintenance, capital projects and other works from a combination of toll revenues and bond proceeds. At June 30, 2003, the Authority had contractual commitments totaling $27,300,000 for various Turnpike System improvement projects (including certain roadway projects substantially completed) for which approximately $9,300,000 had been expended on these contracts. Building facility accomplishments included major renovations and upgrades of the food and fuel services at all three Travel Plazas. These renovations have resulted in the Travel Plazas attracting a larger percentage of Turnpike travelers as evidenced by a sharp increase in food and fuel concession revenues. The Beckley Maintenance facility upgrade was completed consisting of raising the mechanic's bay roof, relocating the washbay and constructing a ten bay parking garage for the section's equipment. Pavement and Bridge Rehabilitation programs included major roadway rehabilitation projects and continuation of the bridge retrofit, painting and bridge deck expansion joint and seal replacement projects. Roadway rehabilitation project design and construction is progressing as scheduled and the recently completed projects are providing safer and smoother riding roadways for Turnpike patrons.

Between 1989 and 1994 the Authority transferred nearly $83 million to the State of West Virginia Special Highway Fund resulting in repayment in full to the State for matching funds expended during the upgrading of the Turnpike to interstate standards form 1970 to 1987. These funds, administered by the West Virginia Division of Highways, were used on highway and related projects within 75 miles of the Turnpike.

The Authority's most successful roadway pavement rehabilitation projects performed to date have been the "rubblization" projects. This process consists of pulverizing the existing 10-inch thick concrete pavement and leaving it in place to serve as a base for a full-depth 10-inch thick asphalt pavement section. The first "rubblization" project, which was completed in 1989, has provided a long lasting, smooth riding roadway with little or no required maintenance. Although initial costs are relatively high, this roadway rehabilitation method has proven to be cost effective.

The year of 1996 marked the completion of the aforementioned Caperton Center economic development project. Located at Exit 45 of the Turnpike, near Beckley, the Caperton Center's main purposes are to promote tourism, preserve West Virginia's culture and heritage, and stimulate economic growth for small producers of high quality arts, crafts, and food products. Accordingly, this 59,000-square foot facility features *TAMARACK-The Best of West Virginia,* which serves as a demonstration area and retail outlet for West Virginia arts, crafts and food products. In addition, it contains the 178-seat Governor Hulett C. Smith Theater for performing arts and various video presentations of West Virginia attractions and the David L. Dickirson Fine Arts Gallery which showcases paintings, photographs, sculptures and other fine art created by West Virginia artists. The Greenbrier, a four-star and five-diamond rated resort located in White Sulphur Springs, West Virginia, also operates a restaurant featuring "A Taste of West Virginia" within the Caperton Center. In addition to daily restaurant operations, the food court caters to bus tours, festivals, conferences and a dinner theater. The Center's construction was partially financed through the issuance of $9 million of Series 1994 commercial development revenue bonds. Construction was completed during April 1996 and the Caperton Center was opened to the public on May 13, 1996. In December 2001, the Authority issued bonds to partially finance a 22,000 square foot addition to the Caperton Center to provide an educational and conference center. The Tamarack Conference/Education Center opened June 20, 2003 and offers a wide range of flexibility to accommodate conferences, banquets, educational events, and expositions.

The Center's design included expansion of food preparation facilities, the ability to subdivide the Center's meeting rooms, modern education and conference equipment, and the ability to host large exhibits and expositions in the main conference hall.

A new interchange with mainline upgrades was constructed to provide northbound and southbound access to the Beckley travel plaza, Caperton Center, and Raleigh County Route 11 (Dry Hill Road). This interchange also eliminated an objectionable traffic weave on the southbound roadway between the Beckley travel plaza and Harper Road interchange. The cost of this project, which opened to traffic on May 22, 1996 and was completed in November 1996, was funded by "Reserve Revenues" and toll revenues of the Authority.

The West Virginia Division of Highways constructed a new bridge over the Kanawha River at Chelyan that favorably affects traffic patterns on the north end of the Turnpike. The Chelyan Interchange was dedicated and opened to traffic on June 30, 1997. This project provides direct access to the Turnpike for U.S. Route 60 traffic from the north side and WV Route 61 from the south side of the river.

In January 1998, the Authority awarded a contract to Vollmer Associates, a nationally recognized transportation planning company, to assist with the development of a new toll collection system that would ensure the integration of emerging technologies into a state-of-the-art toll collection system including electronic toll collection. The request for proposal was released in November 1998 and the project was awarded to TransCore in February 1999. TransCore is a leading provider of electronic and automated toll collection systems in the United States. Key components of the new system include: new toll collection equipment for collectors; a revised toll classification system; increased levels of customer service; reduced toll plaza congestion; and electronic toll collection (ETC) technology providing regional interoperability. Transponders which can be mounted inside a vehicle's windshield are issued to frequent Turnpike travelers including commercial vehicles. These enable those vehicles to pass through the toll plazas without stopping. All mainline and Corridor "L" toll lanes are equipped to read the transponders and automatically identify and classify those vehicles. In addition, each mainline toll plaza has six and Corridor "L" has four toll lanes equipped with a video surveillance system that provides for dedicated ETC use. Cameras are installed at each toll plaza to monitor traffic and they have the capability to identify hazardous material placards and other safety concerns.

Toll Plaza "A" at Ghent was converted to the new toll system on December 17, 1999; Toll Plaza "B" at Pax on January 17, 2000; Toll plaza "C" at Chelyan on January 26, 2000; and the Corridor "L" (U.S. Route 19) Ramp Plaza at North Beckley on March 24, 2000. A new nine-category toll classification system and rate structure based on number of axles and height of vehicle was adopted, which simplifies vehicle classification and maintains revenue neutrality. In addition, the Authority was accepted as an associate member of the E-ZPass℠ Inter Agency Group (IAG), which develops guidelines for achieving compatibility between agencies. This permits commercial vehicles and commuters equipped with transponders to travel nonstop through toll facilities that use E-ZPass℠ in six northeast states including West Virginia. A new Customer Service Center was added to the Parkways Authority's Administrative Headquarters to manage accounts and house the back-office system for computer data and hardware.

The Authority addresses minor substructure repairs and performs preventative maintenance work to extend the time between major rehabilitation projects. The Authority is continually reviewing its capital improvement program and is determining the exact priorities of projects to be undertaken. Each capital improvement project is subject to the Authority's approval after review of the costs and benefits and evaluation of the availability of resources.

FINANCIAL INFORMATION

Internal Controls

Management of the Authority is responsible for establishing and maintaining internal control 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 control is 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. The Authority believes that the organization's internal control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Fiduciary Operations

The Authority's Trustee, United Bank, Inc. of West Virginia, works closely with financial management and staff to ensure that the Authority is in compliance with the terms and covenants of its Trust Agreements and that all financial and operational decisions are made in the best interest of the Authority's bondholders.

Debt Administration

As of June 30, 2003, the Authority's outstanding debt, net of unamortized premiums, discounts and issuance costs, was approximately $114,807,000. The current portion of this debt totals $2,961,000. Final maturity on this debt is scheduled for the year 2019.

In addition to its enabling legislation, the operations of the Authority are principally governed by the February 15, 1993 Trust Indenture as supplemented by the Series 2002 Bonds Supplemental Indenture dated as of February 1, 2002 and further supplemented by the Series 2003 Bond Supplemental Indenture dated February 18, 2003; The Tri-Party Agreement of 1988 entered into in connection with the issuance of $143,000,000 in revenue bonds on November 7, 1989; and the December 1, 2001 Trust Indenture and related agreements applicable to the Caperton Center revenue bonds.

As demonstrated by the statements included in the financial section of this report, the Authority continues to meet its responsibility for compliance with the trust indentures and exhibits sound financial and operating management, which is essential as the Authority has relied and must continue to rely on toll revenues (relating to the 1989, 1993 and 2002 Series Bonds) and certain nontoll revenues (relating to the 1994, 1996, 2001A and 2001B Series Bonds), rather than tax dollars, for funding of debt service and operations.

Tri-Party Agreement of 1988

This agreement between the Federal Highway Administration (FHWA), the West Virginia Department of Transportation (the Department), and the Turnpike Commission (predecessor to the Authority) specifies (a) that tolls collected be used only on the Turnpike for construction and reconstruction costs, and for costs necessary for the operation, 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.

Basis of Accounting

The operations of the Authority are accounted for as an enterprise fund on the accrual basis of accounting in order to recognize the flow of economic resources. Under this method of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and depreciation of assets is recognized.

Cash Management

The trust indentures and the agreement with the insurer of the bonds (Financial Guaranty Insurance Company) restrict investments that can be made by the Authority. Cash, temporarily idle during the year, was invested primarily in United States Treasury and government agencies obligations, corporate bonds and notes, repurchase agreements and a United States Treasury mutual fund, as permitted by the trust indentures. All cash deposits were either insured by the federal depository or collateralized.

The Authority retains the services of an investment manager to assist with the fulfillment of its fiduciary responsibilities. On June 1, 2002, the investment management services were awarded to United Bank, Inc. of West Virginia. They manage approximately 80% of the Authority's investment portfolio under guidelines established by the Authority, which are in compliance with the trust indentures.

Risk Management

The Authority has established policies and procedures whose objectives, among other things, include minimizing the risks associated with operation of the Turnpike. The Authority has obtained coverage for job-related injuries of employees and health coverage for its employees through its participation in the West Virginia State Workers' Compensation Fund and the West Virginia Public Employees Insurance Agency. The Authority maintains property and general liability insurance with the West Virginia State Board of Risk and Insurance Management. Also, the Authority has obtained an additional liability policy which provides coverage of $10,000,000 over and above the coverage provided by the West Virginia State Board of Risk and Insurance Management.

The Authority continues to work with the West Virginia State Police to reduce the number of accidents on the Turnpike through an enhanced speed limit enforcement program. An analysis of traffic management and safety indicates that deaths per 100 million miles traveled were 1.2 and .4 during the years ended June 30, 2003 and 2002, which compare positively to other highways nationally.

The General Manager has continued to implement various programs to help ensure the safety of Turnpike travelers. All fatal accidents are scrutinized by a review board. Two crash trucks were obtained and completely equipped for fast response to emergencies. Authority personnel have been schooled in procedures for emergency responses including fire fighting, first aid, cardiac pulmonary resuscitation (CPR), hazardous material handling, and traffic control. A Public Service Commission inspector and vehicle have been assigned to the West Virginia Turnpike to monitor commercial vehicles and drivers. Three "Smart" trailers were acquired to display vehicle speeds and make drivers aware of their speeds in construction areas and other roadway sections with high accident frequencies. Advisory signs have been installed on sharp curves, steep downgrades with curves, and other high frequency accident locations. All roadway pavement markings including the edge lines and dashed lane lines, are now eight inches wide to make them more visible during inclement weather and reduced visibility at night. Eleven (11) variable message signs were installed at strategic locations to inform patrons of traffic delays or stoppages due to accidents, construction, or weather conditions. The speed limit was reduced to 60 mph for all vehicles on the roadway section between the Mossy and Chelyan Interchanges (Mileposts 60 to 85). Portable defibrillator units are in every State Police vehicle and all Travel Plazas and personnel have been trained and certified in their use. The West Virginia Parkways Authority is committed to providing a safe, convenient and time saving mode of transportation for those individuals choosing to patronize the West Virginia Turnpike.

It is anticipated that the Turnpike's excellent safety record will continue through the efforts of the Turnpike's General Manager, State Police Troop No. 7 and the Turnpike's Maintenance and Toll Divisions.

OTHER INFORMATION

Independent Audit

The trust indentures require an annual audit by independent certified public accountants. The accounting firm of Gibbons & Kawash was engaged by the Authority to perform the audits for the fiscal years ended June 30, 2003 and 2002. The auditors' report on the financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (the Certificate of Achievement) to the Authority for its comprehensive annual financial report for each of the 13 years in the period ended June 30, 2002, including the first year of operations by the Authority.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized component unit financial report. This component unit financial report 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 our current comprehensive annual financial 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.

Acknowledgments

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 auditors, and the leadership and support of the Members and the General Manager of the West Virginia Parkways, Economic Development and Tourism Authority. I express my sincere appreciation for the professional contributions made by these individuals in the preparation of this report.

Parrish T. French
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Virginia Parkways, Economic Development and Tourism Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Financial Section

West Virginia Parkways, Economic Development and Tourism Authority

Gibbons
& Kawash
Certified Public Accountants

gandkcpas.com

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 (the Authority), a component unit of the State of West Virginia, as of June 30, 2003 and 2002, and the related statements of revenues, expenses, and changes in fund net assets and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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, 2003 and 2002, 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.

The Management's Discussion and Analysis on pages 19 through 25 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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The introductory and statistical sections listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the West Virginia Parkways, Economic Development and Tourism Authority. Such additional information has not been subjected to the auditing procedures applied in our audit of the financial statements and accordingly, we express no opinion on it.

Gibbons & Kawash

August 21, 2003

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 the Authority's financial performance during the fiscal year that ended June 30, 2003. Please read it in conjunction with the Authority's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Toll revenues for the fiscal year ended June 30, 2003, were approximately $54.8 million, representing only a slight decrease in revenues from the prior year despite the slow national economy. Toll transactions totaled 34.4 million with passenger cars representing 26.8 million and commercial vehicles totaling 7.6 million. Transactions decreased 0.2% over the prior year with both passenger car and commercial vehicle transactions being down 0.2%.

- Total operating expenses exclusive of depreciation were approximately $36.8 million in the fiscal year ended June 30, 2003, an increase of only 7.2% over the prior fiscal year after recognizing significant maintenance and snow removal cost increases from the much worse than average winter weather.

- Restaurant and service station concession revenues from renovated travel plazas totaled approximately $2.2 million for fiscal year ended June 30, 2003, an increase of 5.8% over the prior year.

- Sales of *Tamarack-The Best of West Virginia* at the Caperton Center arts and crafts center were approximately $6.1 million during the fiscal year ended June 30, 2003, a slight decrease of .9% from the prior year, primarily due to the severe winter.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements.

The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include accompanying notes that explain some of the information in the financial statements and provide more detailed data.

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Fund Net Assets. All assets and liabilities associated with the operation of the Authority are included in the Balance Sheet.

FINANCIAL ANALYSIS OF THE PARKWAYS AUTHORITY

A condensed balance sheet for June 30, 2003, 2002 and 2001 follows (in thousands):

	2003	2002	2001	Change '03-'02
ASSETS				
Current assets	$ 25,625	$ 30,310	$ 19,797	(15.5%)
Long-term investments	21,040	18,061	19,146	16.5%
Investments in economic development projects, net	2,188	2,216	2,375	(1.2%)
Capital assets, net	570,844	580,846	599,908	(1.8%)
	$ 619,697	$ 631,433	$ 641,226	(1.9%)
LIABILITIES AND NET ASSETS				
Current liabilities	$ 10,076	$ 8,160	$ 13,973	23.5%
Long-term revenue bonds, net	111,846	116,191	112,148	(3.7%)
Unused sick leave	2,921	2,284	1,806	21.9%
	124,843	126,635	127,927	(1.4%)
Net assets:				
Invested in capital assets, net of related debt	456,037	462,030	481,320	(1.3%)
Restricted	33,942	37,514	27,398	(9.5%)
Unrestricted	4,875	5,254	4,581	(7.2%)
	494,854	504,798	513,299	(2.0%)
	$ 619,697	$ 631,433	$ 641,226	(1.9%)

The condensed balance sheet indicates that current assets decreased by $4.7 million during fiscal year 2003 as a result of the use of cash and short-term investments for the construction of the 22,000 square foot expansion of the Caperton Center conference and meeting facilities. As detailed in Note 3 of the financial statements, $1.9 million of the $3.0 million increase in long-term investments was due to deposits and growth of the Reserve Revenue Fund that is used for the maintenance and operation of the Turnpike.

Capital assets decreased $10.0 million as a result of $28.2 million of depreciation expense offset by capital asset additions of $6.3 million for the Caperton Center expansion and $11.8 million in highway improvement projects funded from operating revenues. In 1993, the Authority adopted an ongoing 30-year strategic master plan for major capital improvements and highway maintenance projects. The Authority has adopted a pay-as-you-go strategy and has not financed with bond issues any highway project since 1989. During 2003, $1.7 million was also spent on renewal and replacement projects that were funded from net operating revenue. Detailed information on capital assets is located in Note 5 of the financial statements.

The Authority is empowered to issue revenue bonds payable solely from Authority revenues. As detailed in Note 6 of the financial statements, the Authority issued Series 2001 revenue bonds payable from concession, *Tamarack,* and other non-toll revenues to enhance the economic development mission of the Authority. The remaining outstanding Series 1993, 2002 and 2003 bonds are payable from toll revenues.

During 2003, the Authority issued $63.9 million of Variable Rate Demand Revenue Refunding Bonds to refund $61.3 million of Series 1993 bonds. While a deferred loss was recorded on the issue, the Authority expects to reduce its debt service payment by $7.3 million over its 17 year life and obtain an economic gain of $4.9 million. The balance of long-term revenue bonds payable decreased $4.3 million as a result of this transaction and regularly scheduled principal payments.

The West Virginia Parkways, Economic Development and Tourism 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

A schedule of results of operations for the years ended June 30, 2003, 2002 and 2001 follows (in thousands):

	2003	2002	2001	Change '03-'02
Operating revenues:				
Toll revenues	$ 54,757	$ 54,939	$ 53,631	(0.3%)
Other revenues	5,642	5,697	4,887	(1.0%)
	60,399	60,636	58,518	(0.4%)
Operating expenses:				
Maintenance	16,721	14,013	14,781	19.3%
Toll collection	9,626	10,108	9,025	(4.8%)

	2003	2002	2001	Change '03-'02
Traffic enforcement	2,481	2,557	2,410	(3.0%)
General and administrative	8,010	7,697	7,430	4.1%
Depreciation	28,265	29,167	28,525	(3.1%)
Total operating expenses	65,103	63,542	62,171	2.5%
Operating loss	(4,704)	(2,906)	(3,653)	61.9%
Nonoperating revenues (expenses):				
Interest expense	(7,553)	(8,062)	(8,244)	(6.3%)
Interest earned on investments	2,313	2,467	2,765	(6.2%)
Nonoperating revenues (expenses), net	(5,240)	(5,595)	(5,479)	(6.3%)
Net loss	$ (9,944)	$ (8,501)	$ (9,132)	17.0%

Toll revenues decreased 0.3% in fiscal year 2003 from fiscal year 2002 after an increase of 2.4% in fiscal year 2002. Toll revenues decreased in 2003 as a result of the struggling economy, high gas prices and the war in Iraq, which had a negative impact on travel. For 2002, the increase was attributed to a shift to highway travel, rather than other means of transportation, as the result of safety concerns which was amplified by favorable gasoline prices during this period.

Toll revenue has increased by an average of .7% per year between 1998 and 2003. Over the last five years, the revenue from commercial vehicles has decreased .7% a year compared to a 2.4% increase in passenger car revenue. The Authority's traffic engineers, Wilbur Smith Associates, forecast an expected average growth in toll revenues of 2.0% through fiscal year 2030 assuming no toll increases. Based upon this expected annual growth, the Authority expects to remain in a position to generate revenues in an amount sufficient to cover debt service and operating costs.

On September 22, 1993, the Authority passed a resolution authorizing a commuter pass program that commenced January 1, 1994. Parkways Authority Commuter (PAC) cards are issued at a cost of $100 per year per mainline toll barrier. The PAC card is valid for noncommercial passenger automobiles and light trucks. The estimated impact of the PAC card program on toll revenues was incorporated in the traffic engineers' forecast discussed above. There were approximately 11,000 PAC cards issued at June 30, 2003.

When compared to the prior year, other revenues in the aggregate were consistent with fiscal year 2002. The increase in 2002 over 2001 was attributable to increases in food and craft sales at the Caperton Center related to new catering services, increased banquets, and overall growth in repeat customers. Also included in this account are revenues from travel plaza restaurants that increased 6.7% to $1,343,000 after increasing 44.7% to $1,258,000 in 2002. This increase is due to the new food concepts and renovations added to the travel plazas during fiscal year 2001 and the growth in traffic. The restaurants now offer Starbucks Coffee, Burger King, Tudor's Biscuit World, Blimpies and Travel Marts. A new ten-year agreement with HMS Host (the restaurant operator) took effect on January 1, 2000, and provides revenue equal to 18% of gross receipts. In addition, revenues from service stations increased 4.3% to $808,000 after increasing 22.6% to $775,000 in fiscal year 2002. This increase is also a result of the renovations at the plazas and the addition of a new diesel satellite station and modern gasoline dispensers that provide greater options and faster service. On January 1, 1999, the Authority signed a new five-year contract with Petroleum Marketers, Inc. (the service station operator) resulting in an increase of 5.3% in the rate per gallon of gasoline and diesel fuel sold.

Maintenance expense increased 19.3% during fiscal year 2003 when compared to the prior year after decreasing 5.2% during fiscal year 2002 when compared to 2001. The 2002 decrease was attributed to a mild winter that reduced costs for salt and labor for snow and ice removal. The $2,708,000 increase in 2003 is attributable to a harsh winter that substantially increased these costs. Purchases of salt alone increased $1,178,000 to $1,976,000 for 2003. Related expenses such as overtime labor and equipment costs also increased accordingly Equipment purchases and increased roadway paving and painting projects also attributed to the increase.

Toll collection expense decreased 4.8% in fiscal year 2003 when compared to fiscal year 2002 after an increase of 12.0% in 2002. Prior to 2003, deposits related to the issuance of transponders for patron use with the electronic toll collection system were to be amortized when the deposits were no longer due to the commercial customers. During 2003, the Authority began charging a nominal fee for the transponders rather than requiring a deposit. The Authority also recognized that in practice, the nominal deposits were not being refunded as the rarely returned transponders were usually too damaged to return the deposits. Consequently, $317,000 of deposits was recognized against expense in 2003 compared to $0 in prior years. For 2002, the increase was primarily attributed to the change in the method of accounting for the cost of transponders issued. Prior to June 30, 2002, issued transponders had been carried in a tag inventory account and were going to be amortized as an expense. At June 30, 2002, all previously issued transponders were recognized as an expense. This change in accounting for transponders resulted in an expense of $722,000 in fiscal year 2002.

Traffic enforcement and communications expense decreased 3.0% in 2003 over 2002 and increased 6.1% in 2002 when compared to fiscal year 2001. These fluctuations can be attributed to transfers to other detachments throughout the state to offset manpower shortages.

General and administrative expenses increased 4.0% in fiscal year 2003 when compared to 2002 after increasing 3.6% over 2001. These changes reflect higher costs for leased employees at the Caperton Center due to increased business activity and a new incentives program to reward top performers along with an increase in advertising to promote the facility. Additionally, banking fees continued to increase due to the increased use of credit cards to replenish prepaid toll accounts for electronic tolls for commercial and passenger vehicles.

Interest expense decreased 6.3% in 2003 compared to 2002 and 2.2% during fiscal year 2002 when compared to fiscal year 2001. These decreases are primarily attributed to the refunding of bonds at favorable interest rates. Net investment revenue decreased 6.2% in fiscal year 2003 and 10.8% in fiscal year 2002, primarily due to lower interest rates earned on the Authority's investments as a result of market conditions.

Overall, fiscal year 2003 operating expenses, excluding depreciation, increased by approximately $2.5 million over fiscal year 2002. Excluding expenses outside the direct control of the Authority, such as the costs of snow and ice removal and rising health insurance, workers compensation, and property and liability insurance premiums, operating expenses have actually decreased during the prior three fiscal years. The Authority attributes the decrease to operating efficiencies brought about by a hard working dedicated workforce and the continued perseverance of employees to cut costs and defer equipment purchases by extending the life of existing equipment and vehicles.

ECONOMIC CONDITIONS AND OUTLOOK

While the National Bureau of Economic Research has announced that the national recession ended in November 2001, both the state and the nation have suffered through a "jobless" recovery, with fewer jobs than a year ago. West Virginia's unemployment rate for fiscal year 2003 was 6.0%, only slightly higher than the National unemployment rate of 5.9%. According to the "West Virginia Business & Economic Review" published by the West Virginia University College of Business and Economics, West Virginia fared better than the U.S. during the last two years in terms of job losses. Also, West Virginia has sustained real per capita personal income growth during the last two years, while national growth slowed dramatically thereby decreasing the State's income gap with the national average. During fiscal year 2003, new and existing businesses invested more than $409 million in West Virginia's economy. West Virginia also announced 64 economic development projects resulting in the creation of 4,346 jobs.

The Authority's 2004 annual budget, adopted on June 26, 2003, includes approximately $33.6 million dedicated to operating and maintenance expenses including $3.5 million in renewal and replacement projects. In accordance with the 30-year strategic plan, the Authority is expected to spend approximately $12.1 million in roadway rehabilitation projects in fiscal year 2004 that will be financed from net operating revenues.

The national economic slowdown that the Authority recognized and reacted to in December 2000 continued throughout fiscal year 2003. Despite continued low mortgage rates keeping home sales brisk and low interest rates on new cars keeping sales at high levels, the economy continued to show anemic growth. Major causes of the slowdown included the September 2001 terrorist attacks, a growing federal budget deficit, lack of confidence in the stock market caused partially by corporate scandals, and the war with Iraq. The Authority approaches the future with great optimism and a management philosophy guided by an abundance of caution in the execution of its mission that acknowledges the inherent risks in a recovering economy.

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, Controller, P. O. Box 1469, Charleston, WV 25325-1469.

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

BALANCE SHEET

June 30, 2003 and 2002
(In Thousands)

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,077	$ 6,100
Short-term investments	13,826	19,417
Accounts receivable, less valuation allowance of $50 at June 30, 2003 and 2002	1,705	1,291
Accrued interest receivable	309	445
Inventory	2,511	2,669
Other	197	388
Total current assets	25,625	30,310
Investments in securities maturing beyond one year	21,040	18,061
Investments in economic development projects, less valuation allowance of $250 at June 30, 2003 and 2002	2,188	2,216
Capital assets	891,774	873,631
Less accumulated depreciation	320,930	292,785
	570,844	580,846
	$ 619,697	$ 631,433
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 4,183	$ 2,483
Accrued interest payable	746	883
Due to the State of West Virginia	207	190
Other accrued liabilities	1,979	1,979
Current portion of long-term obligations	2,961	2,625
Total current liabilities	10,076	8,160
Long-term revenue bonds, net of unamortized premiums, discounts and issuance costs, less current portion:		
Series 1993 revenue bonds	13,047	70,546
Series 2001 revenue bonds	9,564	9,784
Series 2002 revenue bonds	34,351	35,861
Series 2003 revenue bonds	54,884	-
	111,846	116,191
Unused sick leave	2,921	2,284
Total liabilities	124,843	126,635
Net assets:		
Invested in capital assets, net of related debt	456,037	462,030
Restricted	33,942	37,514
Unrestricted	4,875	5,254
Total net assets	494,854	504,798
	$ 619,697	$ 631,433

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, 2003 and 2002
(In Thousands)

	2003	2002
Operating revenues:		
Toll revenues	$ 54,757	$ 54,939
Other revenues	5,642	5,697
Total revenues	60,399	60,636
Operating expenses:		
Maintenance	16,721	14,013
Toll collection	9,626	10,108
Traffic enforcement and communications	2,481	2,557
General and administrative	8,010	7,697
Depreciation	28,265	29,167
	65,103	63,542
Operating loss	(4,704)	(2,906)
Nonoperating revenues (expenses):		
Interest expense	(7,553)	(8,062)
Net investment revenue	2,313	2,467
Nonoperating revenues (expenses), net	(5,240)	(5,595)
Net loss	(9,944)	(8,501)
Net assets, beginning of year	504,798	513,299
Net assets, end of year	$ 494,854	$ 504,798

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, 2003 and 2002
(In Thousands)

	2003	2002
Cash flows from operating activities:		
Cash received from customers and users	$ 59,985	$ 60,697
Cash paid to employees	(20,490)	(20,072)
Cash paid to suppliers	(13,645)	(15,201)
Net cash provided by operating activities	25,850	25,424
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(18,263)	(10,105)
Debt service for revenue bonds:		
Principal	(2,624)	(6,195)
Interest	(8,386)	(5,851)
Proceeds from issuance of revenue bonds	62,696	57,088
Transfer to refunding escrow agent	(63,385)	(52,677)
Net cash used in capital and related financing activities	(29,962)	(17,740)
Cash flows from investing activities:		
Purchases of investments	(12,289)	(17,443)
Proceeds from sales and maturities of investments	15,510	9,590
Interest from investments	1,840	1,555
Investment in economic development project	(125)	-
Repayments from economic development projects	153	159
Net cash provided by (used in) investing activities	5,089	(6,139)
Increase in cash and cash equivalents	977	1,545
Cash and cash equivalents, beginning of year	6,100	4,555
Cash and cash equivalents, end of year	$ 7,077	$ 6,100
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	$ (4,704)	$ (2,906)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	28,265	29,167
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(414)	61
Decrease in inventory	158	1,004
(Increase) decrease in other assets	191	(183)
Increase (decrease) in accounts payable and other liabilities	1,717	(2,197)
Increase in unused sick leave	637	478
Net cash provided by operating activities	$ 25,850	$ 25,424
Noncash transactions affecting financial position:		
Amortization of deferred charges related to revenue bonds	$ 696	$ 2,012
Unrealized increase (decrease) in fair value of investments	$ (609)	$ 745

The accompanying notes are an integral part of these 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 Secretary of Transportation serves as chairman of the Authority and the other six 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

Basis of Accounting

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

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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.

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 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.

Economic Development Projects

In accordance with the Act, and as provided for under the Trust Indentures, as defined elsewhere herein, certain funds of the Authority are unrestricted and available to further economic development and tourism within a prescribed service area. From time to time, the Authority evaluates proposals for investment in economic development and tourism projects, which may be unrelated to improvements in the Authority infrastructure. Investments in such projects are generally varied forms of equity participation, and typically provide for below-

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Economic Development Projects (Continued)

market returns relative to investment risk. The Authority accounts for the majority of such investments on the cost-recovery method. Annually, the investments are evaluated for impairment in value based upon a review of the investee's current financial condition, anticipated future levels of operations, and consideration of the likelihood of the investee ultimately being capable of returning to the Authority its original investment. To the extent any such returns are in excess of the Authority's original investment, the excess is recorded as income when received.

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 and Post-Employment Benefits Other Than Pension Benefits

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. Annually, the Authority pays employees for one-fourth of the unused sick leave earned in the current period at the employees' current pay rate. The Authority accrues its estimated obligation for unused sick leave. In accordance with State personnel policies, employees vest in any remaining unused sick leave only upon retirement, at which time such unused leave can be converted into employer paid premiums for post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits, using the "termination payments" method. The cost of retiree health care benefits is recognized as an expense as incurred. The expense for the years ended June 30, 2003 and 2002, was not material.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

3 - CASH AND INVESTMENTS

The Trust Indentures dated October 15, 1989, February 15, 1993, December 1, 1994, November 1, 1996, December 1, 2001, and February 1, 2002, (the Trust Indentures), created in connection with the issuance of revenue bonds (the Bonds), pledge substantially all Authority operating revenues and all monies, and impose certain restrictions on the deposit or investment of such funds as described below. The Trust Indentures require that cash

3 - CASH AND INVESTMENTS (Continued)

deposits, including certificates of deposits, be either insured or fully collateralized by a pledge of securities held by an agent of the pledging financial institution in the Authority's name. The Trust Indentures and the agreements with the Bonds' insurer permit investments in obligations of, or guaranteed by, the United States of America, its agencies and instrumentalities (United States Government Obligations); obligations of any state of the United States of America which meets certain ratings; commercial paper and other obligations which meet certain ratings; certain money market funds; investment agreements with certain financial institutions; and repurchase agreements with banks or primary government dealers meeting certain ratings or collateralized with obligations of, or guaranteed by, the United States of America.

At June 30, 2003 and 2002, the carrying amount of the Authority's cash deposits were $312,000 and $650,000, respectively, with bank balances of $652,000 and $462,000, respectively. The bank balances are insured by $200,000 of federal depository insurance (category 1) with the remaining amounts collateralized with securities held by the pledging financial institutions' agents in the Authority's name (category 2).

The Authority's investments are categorized to give an indication of the level of credit and safekeeping risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty in the Authority's name, or held by the counterparty's trust department or agent, but not in the Authority's name.

Investments, including cash equivalents of $6,765,000 and $5,451,000 at June 30, 2003 and 2002, respectively, by type and category level of credit and safekeeping risk, are as follows (in thousands):

	Categories			Fair	
	1	2	3	Value	Cost
At June 30, 2003:					
U.S. Treasury bonds and notes	$ 1,131	$ -	$ -	$ 1,131	$ 1,127
U.S. government agency securities	19,929	-	-	19,929	18,558
State government bonds	651	-	-	651	598
Corporate bonds and notes	1,945	-	-	1,945	1,905
	23,656	-	-	23,656	22,188

3 - CASH AND INVESTMENTS (Continued)

	Categories 1	Categories 2	Categories 3	Fair Value	Cost
Repurchase agreements	-	-	6,765	6,765	6,765
Investment in money market mutual fund	-	-	-	11,210	11,210
Total investments	$ 23,656	$ -	$ 6,765	$ 41,631	$ 40,163
At June 30, 2002:					
U.S. Treasury bonds and notes	101	$ -	$ -	$ 101	$ 103
U.S. government agency securities	26,329	-	-	26,329	25,633
State government bonds	636	-	-	636	602
Corporate bonds and notes	1,662	-	-	1,662	1,531
	28,728	-	-	28,728	27,869
Repurchase agreements	-	-	5,451	5,451	5,451
Investment in money market mutual fund	-	-	-	8,749	8,749
Total investments	$ 28,728	$ -	$ 5,451	$ 42,928	$ 42,069

The money market mutual fund invests in high quality short-term U.S. denominated money market instruments such as government securities, obligations of banks, commercial paper and other short-term corporate obligations and are not subject to categorization for credit and safekeeping risk. The fund maintains a dollar-weighted average maturity of 90 days or less.

The cost of investment securities and related accrued interest receivable is allocated at June 30, 2003 and 2002, among the following restricted accounts created under the various Trust Indentures or by the adoption of Authority resolution (in thousands):

	June 30 2003	June 30 2002
Restricted and designated assets:		
Assets restricted by Trust Indenture:		
Series 1989, 1993, 2002, and 2003 Reserves	$ 11,208	$ 11,218
Series 1989 and 1993 Debt Service	857	1,250
Renewal and Replacement	2,442	2,383

3 - CASH AND INVESTMENTS (Continued)

	June 30	
	2003	2002
Operating and Maintenance	3,877	3,709
Series 2001 Debt Service	109	94
Series 2001 Construction	513	5,614
Series 2002 Debt Service	795	638
Series 2003 Debt Service	857	-
Insurance Liability	891	891
Economic Development and Tourism	3,607	3,186
	25,156	28,983
Reserve Revenue, restricted by Tri-Party Agreement	13,779	11,854
Highway/Bridge Contingency, restricted by Tri-Party Agreement	1,000	1,000
Unredeemed coupons	228	232
Total restricted and designated assets	$ 40,163	$ 42,069

The assets restricted by the 1989, 1993, 2002, and 2003 Trust Indentures must be used for construction, turnpike maintenance and operation, and debt service. The Trust Indentures require that the balance in the 1989, 1993, 2002, and 2003 Reserve Account equal maximum annual debt service for all bonds. The balance in the 1989, 1993, 2002, and 2003 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 Series 1994 Trust Indenture, as amended by a Supplemental Trust Indenture dated November 1, 1996, required that approximately $320,000 of bond proceeds be deposited in the Debt Service Reserve account equal to the maximum annual debt service on the Series 1994 bonds. The 1994 and 1996 Trust Indentures also required the establishment of Bond Funds, comprised of the principal and interest debt service accounts, which must be maintained at a balance at least equal to one-sixth of the interest payable and one-twelfth of the principal due on June 1, 2001, related to the Series 1994 and 1996 Bonds. The Series 1994 and 1996 were defeased during the year ended June 30, 2002, by the issuance of the Series 2001A bonds.

3 - CASH AND INVESTMENTS (Continued)

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, are pledged as security for the 2001A and 2001B Bonds.

The Contingency Highway and Bridge Reserve Account, established by the Authority and restricted by the Tri-Party Agreement, was established in February 2002 in the event that the Authority needed additional cash or liquidity for highway and bridge projects for any reason (for example, without limitation, due to unanticipated traffic reductions resulting in toll revenue reductions, unanticipated cost overruns on one or more projects, the need to begin or complete a project before originally planned, terrorist events, or failure to achieve all anticipated savings from the issuance of the Series 2002 and 2003 Refunding Bonds). This reserve is not a requirement by the bondholders and will not be used to pay debt service on any bonds of the Authority, but it will be used at the Board's discretion for costs of highway and/or bridge projects in emergency situations.

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 Unredeemed Coupons Account has been designated by the Authority to fund redemption of interest coupons that have matured but are not yet redeemed for bonds issued under previous bond indentures.

4 - ECONOMIC DEVELOPMENT PROJECTS

In May 1996, as part of the Authority's focus on economic development and tourism, the Authority opened the Caperton Center, a 59,000 square-foot arts and crafts center near Beckley, West Virginia. The Caperton Center's main purposes are to stimulate economic growth for small producers of high quality arts, crafts, and food products, and promote tourism. The facility serves as a demonstration area and retail outlet for West Virginia arts, crafts, and food products, and contains a theater for performing arts and presentations of

4 - ECONOMIC DEVELOPMENT PROJECTS (Continued)

West Virginia attractions. In June 2003, a 22,000 square foot expansion for a conference center was completed which will further enhance the image of West Virginia and attract more visitors. Its operations are funded in part by Authority revenues that are unrestricted under the terms of the Authority's existing 1989 and 1993 Trust Indentures and the Tri-Party Agreement.

Prior to the development of the Caperton Center, the Authority invested approximately $4,700,000 primarily to foster economic development, including employment stimulation, in the Authority's service area. These investments provide the Authority with minimal economic return. Included in these investments is a $2,000,000 limited partnership interest in certain real property to be held for lease. The lessee is utilizing the facility as an insurance claims processing center and has created or maintained nearly 400 jobs. The Authority has also made additional permitted economic development investments in various light manufacturing and high technology concerns. Certain of the investees have encountered economic difficulties and management has established a valuation allowance, based on an evaluation of the investees' prospects for future economic success and anticipated return of the Authority's investment.

The Authority issued revenue bonds to finance the construction of the Caperton Center within the economic development and tourism activities. Both the turnpike operations and the economic development and tourism activities are accounted for in a single fund. However, investors in these revenue bonds rely solely on the revenue generated by the economic development and tourism activities for repayment. Summary financial information for the economic development and tourism activities for the years ended June 30, 2003 and 2002, is presented below (in thousands):

Condensed Balance Sheet

	2003	2002
Assets:		
Cash and cash equivalents	$ 104	$ 112
Accounts receivable	654	332
Inventory	951	1,332
Investments	5,050	8,964
Capital assets, net	22,895	17,242
Economic development investments, net	2,188	2,216
	$ 31,842	$ 30,198

4 - ECONOMIC DEVELOPMENT PROJECTS (Continued)

Condensed Balance Sheet (Continued)

Liabilities:	2003	2002
Accounts payable and accrued liabilities	$ 1,435	$ 327
Accrued interest payable	48	50
Current portion of long-term obligations	645	615
Long-term obligations, net	9,564	9,784
Total liabilities	11,692	10,776
Net assets:		
Invested in capital assets, net of related debt	12,686	6,843
Restricted	5,050	8,964
Unrestricted	2,414	3,615
Total net assets	20,150	19,422
	$ 31,842	$ 30,198

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets

	2003	2002
Operating revenue	$ 8,691	$ 8,605
Cost of goods sold	(3,046)	(2,988)
	5,645	5,617
General and administrative expense	4,406	4,247
Depreciation expense	676	711
	5,082	4,958
Operating income	563	659
Nonoperating revenues (expenses):		
Interest expense	(685)	(497)
Interest earned on investments	850	770
	165	273
Net income	728	932
Net assets, beginning of year	19,422	18,490
Net assets, end of year	$ 20,150	$ 19,422

4 - ECONOMIC DEVELOPMENT PROJECTS (Continued)

Condensed Statement of Cash Flows

	2003	2002
Net cash provided by (used in):		
Operating activities	$ 2,406	$ 1,534
Capital and related financing activities	(7,206)	4,223
Investing activities	4,792	(5,717)
Increase (decrease) in cash and cash equivalents	(8)	40
Cash and cash equivalents, beginning of year	112	72
Cash and cash equivalents, end of year	$ 104	$ 112

Funding of any future economic development initiatives will be provided solely from available designated reserves and concessions and other nontoll revenues, including returns on existing economic development projects.

5 - CAPITAL ASSETS

A summary of capital assets at June 30, 2003 and 2002, follows (in thousands):

2003	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	$ 53,085	$ 162	$ -	$ 53,247
Capital assets, being depreciated:				
Buildings	88,819	6,377	-	95,196
Equipment	6,131	46	(120)	6,057
Infrastructure	725,596	11,678	-	737,274
Total capital assets, being depreciated	820,546	18,101	(120)	838,527
Less accumulated depreciation for:				
Buildings	(28,949)	(3,061)	-	(32,010)
Equipment	(5,085)	(287)	(120)	(5,252)
Infrastructure	(258,751)	(24,917)	-	(283,668)

5 - CAPITAL ASSETS (Continued)

2003	Beginning Balance	Increases	Decreases	Ending Balance
Total accumulated depreciation	(292,785)	(28,265)	(120)	(320,930)
Total capital assets, being depreciated, net	527,761	(10,164)	-	517,597
Total capital assets, net	$ 580,846	$ (10,002)	$ -	$ 570,844

2002	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	$ 53,085	$ -	$ -	$ 53,085
Capital assets, being depreciated:				
Buildings	87,699	1,120	-	88,819
Equipment	6,216	100	-	6,316
Infrastructure	716,709	8,702	-	725,411
Total capital assets, being depreciated	810,624	9,922	-	820,546
Less accumulated depreciation for:				
Buildings	(25,911)	(3,038)	-	(28,949)
Equipment	(4,912)	(357)	184	(5,085)
Infrastructure	(232,978)	(25,773)	-	(258,751)
Total accumulated depreciation	(263,801)	(29,168)	184	(292,785)
Total capital assets, being depreciated, net	546,823	(19,246)	184	527,761
Total capital asset, net	$ 599,908	$ (19,246)	$ 184	$ 580,846

Buildings include the Caperton Center, which has a cost of approximately $26,200,000 and $19,400,000, and accumulated depreciation of $4,600,000 and $3,914,000, at June 2003 and 2002, respectively.

Approximately $111,000 and $97,000 of interest costs were capitalized during the years ended June 30, 2003 and 2002, respectively.

6 - REVENUE BONDS PAYABLE

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

	2003	2002
Series 1993 Bond and Notes, issued March 1993:		
Inverse Floating Rate Notes, $38,300 with varying interest rates, due in varying installments from May 2001 through May 2013	$ -	$ 17,960
Premium Capital Appreciation Bonds, $981 at 23%, due in varying installments totaling $14,417, including accumulated appreciation (see below), from May 2003 through May 2007	981	1,375
Yield Enhancement Securities, $11,600, with variable interest rates, due in varying installments from May 2008 through May 2009	-	7,520
Select Auction Variable Rate Securities, $27,650, at variable rates, due in varying installments from May 2014 to May 2019	-	17,900
Residual Interest Bonds, $27,650, at variable rates, due in varying installments from May 2014 through May 2019	-	17,900
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	4,915	5,385

6 - REVENUE BONDS PAYABLE (Continued)

	2003	2002
Series 2001B Bonds, issued serial bonds of $1,505 in December 2001, at 3.50% to 5.00%, due in varying installments from June 2002 through 2011	1,360	1,505
Series 2001B term bonds, $2,090 at 5.00% due June 2013	2,090	2,090
Series 2001B term bonds, $2,305 at 5.125% due June 2015	2,305	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	40,335	41,950
Series 2003 Variable Rate Demand Revenue Refunding Bonds, $63,900 at variable rates, due in varying installments through May 2019	63,900	-
Total revenue bonds payable	115,886	115,890
Add:		
Unamortized premium and accumulated appreciation on Premium Capital Appreciation Bonds	15,042	16,742
Less:		
Unamortized deferred loss on advance refunding	(14,127)	(12,189)
Unamortized discount and issuance costs	(1,994)	(1,627)
Current portion of revenue bonds payable	(2,961)	(2,625)
	$ 111,846	$ 116,191

6 - REVENUE BONDS PAYABLE (Continued)

In 1989, the Authority issued $46,035,000 of Series 1989 Serial Bonds and $10,530,000 of Series 1989 Capital Appreciation Bonds dated November 7, 1989, and $86,435,000 of Series 1989 Term Bonds dated October 15, 1989 (collectively the 1989 Series Bonds), under the Trust Indenture. The 1989 Series Bonds were issued to finance the cost of certain Parkway improvements, provide funds for a debt service reserve fund and bond issuance costs, and redeem $44,543,000 of Turnpike Commission (predecessor to the Authority) Series 1952 and 1954 Bonds. On July 1, 1999, the Authority fully paid the Series 1989 Serial Bonds by making the final payment of $4,160,000 as scheduled.

In 1993, the Authority issued $118,781,000 of Revenue Refunding Bonds for the express purpose of defeasing $111,245,000 of 1989 Series Bonds, all of which are no longer outstanding. The advance refunding resulted in a $14,350,000 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 $132,000 and $456,000 in 2003 and 2002, respectively. The Authority completed the advance refunding to reduce its aggregate debt service payments by almost $7,400,000 over a 26-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 $5,200,000.

The Revenue Refunding Bonds are comprised of coupon bonds, premium capital appreciation bonds, and the following:

- Select Auction Variable Rate Securities and Residual Interest Bonds which were issued in equal amounts with the same maturities and having variable interest rates based upon the same index. The Select Auction Variable Rate Securities and Residual Interest Bonds react to this index in an equally inverse manner and, accordingly, the blended interest rate on these securities is 5.831%.

- Yield Enhancement Securities which were variable rate securities with a maximum rate of 16% and were converted to a fixed rate of 5.7% on May 15, 1998.

- Inverse Floating Rate Notes which have variable rates with maximum rates ranging from 9.5% to 12.95%. The Inverse Floating Rate Notes convert to fixed rates ranging form 4.9% to 5.8% on various dates.

The Authority entered into interest rate swap agreements whereby it exchanged the interest based on the variable rates on the Yield Enhancement Securities and Inverse Floating

6 - REVENUE BONDS PAYABLE (Continued)

Rate Notes for interest equal to the fixed conversion rates discussed above for the same securities. The terms of the interest rate swap agreements extend to various dates in 2003 and 2002, the expiration of such agreements coinciding with the date that the bonds' interest rate mandatorily convert from variable to fixed rates. The Authority is exposed to loss if one or more of the counterparties default under the terms of the interest rate swap agreements.

Interest on the Series 1993 coupon bonds, Yield Enhancement Securities, and Inverse Floating Rate Notes is payable semiannually on May 15 and November 15 of each year. Interest on the Series 1993 Capital Appreciation Bonds is compounded on May 15 and November 15 of each year and will be payable at maturity of such bonds. Interest on the Series 1993 Select Auction Variable Rate Securities and the Series 1993 Residual Bonds is payable monthly.

The Revenue Bonds under the 1989 and 1993 Trust Indentures are secured by a pledge of substantially all Authority operating revenues and all monies deposited into accounts created by the Trust Indentures, with the 1989 Series Bondholders having priority over the 1993 Series Bondholders.

In 1994, \$3,000,000 of serial bonds and \$6,000,000 of term bonds (that were subsequently refunded by the 1996 issue) of Raleigh County, West Virginia, Commercial Development Revenue Bonds, Series 1994 (the Series 1994 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 as of December 1, 1994 (the Indenture). The bond proceeds were lent to the Authority for the purpose of providing funds to: (i) partially finance the Caperton Center (the Project); (ii) fund a debt service reserve fund; and (iii) pay costs of issuance in connection with the Series 1994 Bonds. The Series 1994 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 Project; (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 are not pledged or otherwise available to pay debt service on the Series 1994 Bonds.

In 1996, \$5,900,000 of Raleigh County, West Virginia, Commercial Development Revenue Bonds, Series 1996 (the Series 1996 Bonds) were issued pursuant to a bond resolution adopted by the County Commission of Raleigh County, West Virginia (the issuer),

6 - REVENUE BONDS PAYABLE (Continued)

and a Trust Indenture, dated as of November 1, 1996 (the Indenture). The bond proceeds were used to advance refund the $6,000,000 portion of the Series 1994 Bonds, which are no longer outstanding. The terms and conditions of the Series 1996 Bonds are similar to those of the Series 1994 Bonds noted above as toll revenues derived by the Authority in connection with the operation of the Turnpike are not pledged or otherwise available to pay debt service on the Series 1996 Bonds. The Authority completed the advance refunding to reduce its aggregate debt service payments by almost $970,000 over a nine-year period (life of the refunding bonds).

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, which $4,105,000 remains outstanding but is considered deferred and accordingly has been removed from the Authority's financial statements. 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 $54,000 and $27,000 in 2003 and 2002, respectively. The Series 2001B Bonds were issued to construct and furnish an expansion of the Caperton Center. The terms and conditions of the Series 2001 Bonds are similar to those of the Series 1994 Bonds noted above as toll revenues derived by the Authority in connection with the operation of the Turnpike are not pledged or otherwise available to pay debt service on the 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.

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 $371,000 and $155,000 in 2003 and 2002, respectively. 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.

6 - REVENUE BONDS PAYABLE (Continued)

In 2003, the Authority issued $63,900,000 of Variable Rate Demand Revenue Refunding Bonds for the express purpose of refunding $61,280,000 of the Authority's Series 1993 Bonds. This refunding resulted in a $7,896,000 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 $247,000 in 2003. The Authority completed the refunding to reduce its aggregate debt service payment by $7,270,000 over a 17-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 $4,851,000.

The Series 2003 bonds bear interest at the Weekly Interest Rate determined by the remarketing agent on Tuesday of each week. The Authority has entered into an interest rate swap agreement on the Series 2003 bonds as follows:

Objective of the Interest Rate Swap

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in February 2003, the Authority entered into an interest rate swap in connection with its 2003 Variable Rate Demand Revenue Refunding Bonds. The intention of the swap was to effectively change the Authority's variable interest rate on the bonds to a synthetic fixed rate of 4.387%.

Terms of the Interest Rate Swap

The bonds and the related swap agreement mature on May 1, 2019, and the swap's notional amount of $63,900,000 matches the $63,900,000 variable rate bonds, Series 2003. The swap was entered at the same time the bonds were issued (February 14, 2003). Under the swap, the Authority pays the counterparty a fixed payment of 4.387% and receives a variable payment computed as 67 percent of the London Interbank Offered Rate (LIBOR). Conversely, the bond's variable rate is based on The Bond Market Association Municipal Swap Index (BMA).

Fair Value

Because interest rates have declined since the execution of the swap, the swap had a negative fair value of $9,683,109 as of June 30, 2003. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable rate bonds, creating a lower synthetic interest rate. Because the Authority's bonds adjust

6 - REVENUE BONDS PAYABLE (Continued)

to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit Risk

As of June 30, 2003, the Authority was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA by Fitch Ratings and Standards & Poor's and Aa by Moody's Investor's Service as of June 30, 2003.

Basis Risk

The swap exposes the Authority to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the bonds. The effect of this difference would be indicated by a difference between the intended synthetic rate and the synthetic rate as of June 30, 2003. If a change occurs that results in rates moving to convergence, the expected cost saving may not be realized. As of June 30, 2003, the BMA rate was .98 percent, whereas 67 percent of the LIBOR was 1.21 percent.

Termination Risk

The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Swap Payments and Associated Debt

Using rates as of June 30, 2003, 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.

6 - REVENUE BONDS PAYABLE (Continued)

Year Ending	Variable-Rate Bonds		Interest Rate	
June 30	Principal	Interest	Swap, Net	Total
2004	$ 200	$ 482	$ 2,474	$ 3,156
2005	200	576	2,379	3,155
2006	200	574	2,427	3,201
2007	300	573	2,363	3,236
2008	3,900	569	2,335	6,804
2009-2013	23,200	2,270	9,348	34,818
2014-2018	29,200	1,120	3,982	34,302
2019	6,700	61	230	6,991
	$ 63,900	$ 6,225	$ 25,538	$ 95,663

The following schedule summarizes the revenue bonds outstanding as of June 30, 2003 and 2002 (in thousands):

2003	Beginning Balance	Additions	Retired	Amortization	Ending Balance	Due Within One Year
Series 1993	$ 70,941	$ -	$ (58,656)	$ 1,098	$ 13,383	$ 336
Series 2001	10,399	-	(615)	425	10,209	645
Series 2002	37,476	-	(1,615)	270	36,131	1,780
Series 2003	-	54,800	-	284	55,084	200
	$ 118,816	$ 54,800	$ (60,886)	$ 2,077	$ 114,807	$ 2,961

2002	Beginning Balance	Additions	Retired	Amortization	Ending Balance	Due Within One Year
Series 1993	$ 112,887	$ -	$ (43,802)	$ 1,856	$ 70,941	$ 395
Series 1994	1,717	-	(1,717)	-	-	-
Series 1996	3,984	-	(3,984)	-	-	-
Series 2001	-	10,667	(310)	42	10,399	615
Series 2002	-	39,619	(2,255)	112	37,476	1,615
	$ 118,588	$ 50,286	$ (52,068)	$ 2,010	$ 118,816	$ 2,625

6 - REVENUE BONDS PAYABLE (Continued)

Debt service requirements for the Revenue Bonds subsequent to June 30, 2003, are as follows (in thousands):

Year Ending June 30	Principal Maturities	Interest, Including Accretion	Total
2004	$ 2,961	$ 13,137	$ 16,098
2005	2,881	12,439	15,320
2006	3,047	12,282	15,329
2007	3,239	11,503	14,742
2008	6,680	5,059	11,739
2009-2013	39,930	19,941	59,871
2014-2018	46,863	9,316	56,179
2019	10,285	480	10,765
	115,886	$ 84,157	$ 200,043
Add:			
Unamortized premium and accumulated appreciation on Premium Capital Appreciation Bonds	15,042		
Less:			
Unamortized deferred loss on advance refunding	(14,127)		
Unamortized discount and issuance costs	(1,994)		
	$ 114,807		

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 bonds to maintain their tax-exempt status. At June 30, 2003 and 2002, the Authority's estimated arbitrage rebate liability was zero.

7 - 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, early retirement, death and disability benefits. The PERS issues an annual report, a copy of which can be obtained by contacting PERS.

7 - PENSION PLAN (Continued)

Covered employees are required to contribute 4.5% of their salary to the PERS while the Authority is required to contribute 9.5% 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 for the years ended June 30, 2003, 2002, and 2001 are as follows (in thousands):

	2003	2002	2001
Authority contributions (9.5%)	$ 1,356	$ 1,283	$ 1,341
Employee contributions (4.5%)	642	608	635
Total contributions	$ 1,998	$ 1,891	$ 1,976

8 - 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 West Virginia State Workers' Compensation Fund (the Fund) and the West Virginia Public Employees Insurance Agency (PEIA). In exchange for the payment of premiums to PEIA and the Fund, the Authority has transferred its risk 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, 2003, the Authority's insurance coverage has been sufficient to meet all claims and settlements against the Authority.

9 - 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, 2003, the Authority had contractual commitments totaling $27,300,000 for various Turnpike System improvement projects, including the construction of the Caperton Center addition for which approximately $9,300,000 had been expended.

Economic Develoment Commitments

At June 30, 2003, the Authority had committed funds totaling $600,000 for assistance for the Tamarack Foundation and West Virginia Jobs Investment Trust for investment in startup enterprises. As of June 30, 2003, none of these funds had been expended for this purpose.

As a result of State legislation enacted in 1998, amended in 2003, the Authority is required to pay $250,000 per year through fiscal year 2008 to the Hatfield-McCoy Regional Recreation Authority (HMRRA).

Statistical Section

West Virginia Parkways, Economic Development and Tourism Authority

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

SUMMARY OF REVENUE AND OPERATING EXPENSES
(In Thousands)

	Year Ended June 30					
	2003	2002	2001	2000	1999	1998
Revenues:						
Toll revenues	$ 59,757	$ 54,939	$53,631	$ 55,156	$ 53,481	$ 52,936
Concession and other revenues:						
Restaurants	1,351	1,258	870	847	769	822
Service stations	808	775	632	573	553	531
Gross profit of arts and crafts sales	3,383	3,563	3,273	3,185	2,891	2,548
Other	100	100	112	(149)	100	100
Net investment revenue	2,313	2,467	2,765	2,183	1,870	3,109
Total revenues	62,712	63,102	61,283	61,795	59,664	60,046
Operating expenses:						
Maintenance	16,721	14,013	14,781	15,696	14,491	14,004
Toll collection	9,626	10,108	9,025	8,891	8,671	8,079
Traffic enforcement and police	2,481	2,557	2,410	2,328	2,096	1,981
General and administration:						
Turnpike	3,604	3,450	3,293	3,698	3,777	3,541
Economic development and tourism	4,406	4,247	4,137	3,933	3,523	3,608
Depreciation	28,265	29,167	28,525	27,767	25,207	24,449
Total operating expenses	65,103	63,542	62,171	62,313	57,765	55,662
Excess (deficiency) of total revenues over (under) total operating expenses	(2,391)	$ (440)	$ (888)	$ (518)	$ 1,899	$ 4,384

Year Ended June 30				
1997	1996	1995	1994	1993
$49,495	$47,128	$46,029	43,139	$41,100
784	744	779	615	486
491	333	245	207	183
2,560	758	354	228	81
100	100	100	100	-
2,634	3,349	2,396	2,409	3,353
56,064	52,412	49,903	46,698	45,203
12,486	12,796	11,164	10,568	9,527
7,621	7,142	6,980	6,885	7,088
1,973	2,075	1,761	1,750	1,619
2,834	2,912	2,923	2,172	2,275
3,853	2,094	989	1,956	-
23,288	21,593	20,708	19,713	18,706
52,055	48,612	44,525	43,044	39,215
$ 4,009	$ 3,800	$ 5,378	$ 3,654	$ 5,988

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

REVENUE BOND COVERAGE (1)
(In Thousands)

	2003	2002	2001	2000
Revenues:				
Toll revenues	$ 54,757	$ 54,939	$ 53,631	$ 55,156
Adjustments to toll revenues per Trust Indentures	93	(118)	485	(746)
Total revenues	54,850	54,821	54,116	54,410
Operating expenses	65,103	63,542	62,171	62,313
Adjustments to operating expenses per Trust Indentures:				
Depreciation	(28,265)	(29,167)	(28,525)	(27,767)
Renewal and replacement provided for by reserves	(2,577)	(1,839)	(2,068)	(3,065)
Economic development and tourism costs	(4,406)	(3,919)	(3,842)	(3,933)
Other	(2,272)	(1,251)	(1,444)	(1,337)
Total operating expenses	27,583	27,366	26,292	26,211
Net revenues available for debt service	$ 27,267	$ 27,455	$ 27,824	$ 28,199
Revenue bond coverage items:				
Total debt service	$ 12,693	$ 11,240	$ 11,176	$ 11,249
Renewal and replacement reserve requirement per recommendation of consulting engineer	3,460	2,383	2,917	3,942
Total debt service and renewal and replacement	$ 16,153	$ 13,623	$ 14,093	$ 15,191
Coverage percentages:				
Total debt service (125% required)	214.82%	244.26%	248.96%	250.68%
Total debt service and renewal and replacement per recommendation of consulting engineer (100% required)	168.80%	201.53%	197.43%	185.63%

(1) On December 1, 1989, the Turnpike Commission revenue bonds dated March 10, 1952 and March 3, 1954 (Prior Bonds) matured and were repaid with a portion of proceeds of the Series 1989 Revenue Bonds issued under a Trust Indenture dated October 15, 1989. On March 11, 1993, $111,245,000 of the 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. The revenue bond coverage requirements are the same under all four trust indentures. Accordingly, the above presentation for each of the ten years ended June 30, 2003, relates only to debt service requirements under the 1989, 1993, 2002, and 2003 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.

1999	1998	1997	1996	1995	1994
$ 55,481	$ 52,631	$ 49,495	$ 47,128	$ 46,029	$ 43,139
(44)	(38)	(54)	199	(56)	(107)
53,437	52,898	49,441	47,327	45,973	43,032
57,765	55,662	52,055	48,612	44,525	43,044
(25,207)	(24,449)	(23,298)	(21,593)	(20,708)	(19,713)
(2,376)	(2,142)	(1,555)	(1,548)	(1,201)	(848)
(3,523)	(3,358)	(3,432)	(867)	(989)	(1,956)
(1,711)	2,617	1,551	(553)	(148)	620
24,948	28,330	25,321	24,051	21,479	21,147
$ 28,489	$ 24,568	$ 24,120	$ 23,276	$ 24,494	$ 21,885
$ 11,115	$11,125	$11,136	$11,138	$11,150	$ 11,157
3,818	2,949	2,996	2,615	2,450	2,301
$ 14,933	$ 14,074	$ 14,132	$ 13,753	$ 13,600	$ 13,458
256.31%	220.84%	216.59%	208.98%	219.68%	196.15%
190.78%	174.56%	170.68%	169.24%	180.10%	162.62%

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

Traffic Statistics (1)

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

	Year Ended June 30				
	2003	2002	2001	2000	1999
Number of transactions/vehicles:					
Passenger cars	26,809	26,864	25,182	25,883	26,792
Commercial vehicles	7,607	7,625	7,769	7,697	4,200
Total transactions/vehicles	34,416	34,489	32,951	33,580	30,992
Number of miles:					
Passenger cars	619,412	620,855	580,547	602,806	632,266
Commercial vehicles	299,535	299,382	299,459	298,107	235,896
Total miles	918,947	920,237	880,006	900,913	868,162
Total revenues:					
Passenger cars	$ 26,616	$ 26,670	$ 24,984	$ 26,473	$ 23,629
Commercial vehicles	28,141	28,269	28,647	28,683	29,852
Total toll revenues	$ 54,757	$ 54,939	$ 53,631	$ 55,156	$ 53,481
Toll revenue per transaction/vehicle:					
Passenger cars	$ .99	$ .99	$ .99	$ 1.02	$ .88
Commercial vehicles	3.70	3.71	3.69	3.73	7.11
Toll revenue per mile:					
Passenger cars	$ .043	$ .043	$ .043	$ .044	$ .037
Commercial vehicles	.094	.094	.096	.096	.127
Miles per transaction/vehicle:					
Passenger cars	23	23	23	23	24
Commercial vehicles	39	39	39	39	56

(1) Due to the implementation of a new electronic toll collection system in fiscal year 2000 and the adoption of a new toll classification system, the Parkways Authority converted their traffic statistics to a transaction versus vehicle based summary. The effect of this conversion was applied retroactively to the year ended June 30, 2000, and earlier periods were not restated.

Year Ended June 30					
1998	1997	1996	1995	1994	1993
26,543	25,587	23,724	23,244	21,907	21,084
4,057	3,659	3,219	3,074	2,722	2,464
30,600	29,246	26,943	26,318	24,629	23,548
630,354	606,954	576,148	563,650	532,440	517,600
229,207	209,551	192,557	186,158	170,080	156,535
859,561	816,505	768,705	749,808	702,520	674,135
23,624	$ 22,791	$ 22,014	$ 21,668	$ 20,824	$ 20,486
29,312	26,704	25,114	24,361	22,315	20,614
52,936	$ 49,495	$ 47,128	$ 46,029	$ 43,139	$ 41,100
.89	$ .89	$ .93	$ .93	$ .95	$ .97
7.22	7.30	7.80	7.92	8.20	8.37
.037	$ .038	$ .038	$ .038	$ .039	$ .040
.128	.127	.130	.131	.131	.132
24	24	24	24	24	25
56	57	60	61	62	64

WEST VIRGINIA PARKWAYS, ECONOMIC DEVELOPMENT
AND TOURISM AUTHORITY

Traffic Accident and Policing Statistics

	Year Ended June 30				
	2003	2002	2001	2000	1999
Type of accidents:					
Fatal	10	4	10	8	6
Injury	200	206	218	223	195
Property damage	540	541	494	446	428
Total accidents	750	751	722	677	629
Fatalities and injuries:					
Number of fatalities	11	4	11	8	6
Fatality rate per 100 million miles traveled	1.2	.4	1.2	.9	.7
Number of injuries	292	288	355	318	280
Policing statistics:					
Arrests	14,801	19,763	20,461	20,719	19,477
Warning tickets	5,931	6,686	3,142	3,281	3,558
Assists to motorists	3,151	3,419	2,784	5,074	7,414

Year Ended June 30					
1998	1997	1996	1995	1994	1993
6	5	3	7	9	9
202	199	159	193	161	134
495	436	395	368	247	167
703	640	557	568	417	310
6	5	6	7	11	9
.7	.6	.8	.9	1.6	1.3
313	321	244	240	238	215
14,724	13,088	14,521	16,008	17,126	17,905
9,211	10,990	11,062	10,110	11,282	14,888
8,423	7,531	7,172	4,660	3,922	7,332

WEST VIRGINIA PARKWAYS, ECONIMIC DEVELOPMENT
AND TOURISM AUTHORITY

Significant Dates

June 30, 2003

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 Parkways 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 (the Authority has received this award 13 consecutive years as of the year ended June 30, 2002)

WEST VIRGINIA PARKWAYS, ECONIMIC DEVELOPMENT
AND TOURISM AUTHORITY

Miscellaneous Data Statistics

June 30, 2003

March 1993	Issued $118 million of Series 1993 Parkways 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)
October 1996	Officially designated *TAMARACK-The Best of West Virginia* as "The Caperton Center"
November 1996	Issued $5.9 million of Series 1996 Raleigh County, West Virginia Commercial Development Refunding Revenue Bonds to advance refund $6 million of Series 1994 Bonds
December 1999	New Electronic Toll Collection System with E-ZPass^{SM} 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 Raleigh County, West Virginia Taxable Commercial Development Refunding Revenue Bonds to advance refund $1.7 million of the Series 1994 Bonds and $4.1 million of the Series 1996 Bonds
December 2001	Issued $5.9 million of Series 2001B Raleigh County, West Virginia Commercial Development Revenue Bonds (Caperton Center Expansion Project) to provide funds to construct an expansion of the Caperton Center for enhanced educational, cultural and banquet facilities
February 2002	Issued $44.2 million of Series 2002 Parkway Refunding Revenue Bonds to advance refund for savings $36 million of Series 1993 Bonds
February 2003	Issued $63.9 million of Series 2003 Parkway Variable Rate Demand Revenue Refunding Bonds to advance refund for saving $61.3 million of Series 1993 Bonds.

WEST VIRGINIA PARKWAYS, ECONIMIC DEVELOPMENT
AND TOURISM AUTHORITY

Miscellaneous Data Statistics

June 30, 2003

Length of West Virginia Turnpike	88 miles
Number of lane miles	410
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
Permanent employees	384
Temporary employees	108
State Police	31
Canine drug detection units	1

WEST VIRGINIA PARKWAYS, ECONIMIC DEVELOPMENT
AND TOURISM AUTHORITY

New Toll Classification System

June 30, 2003

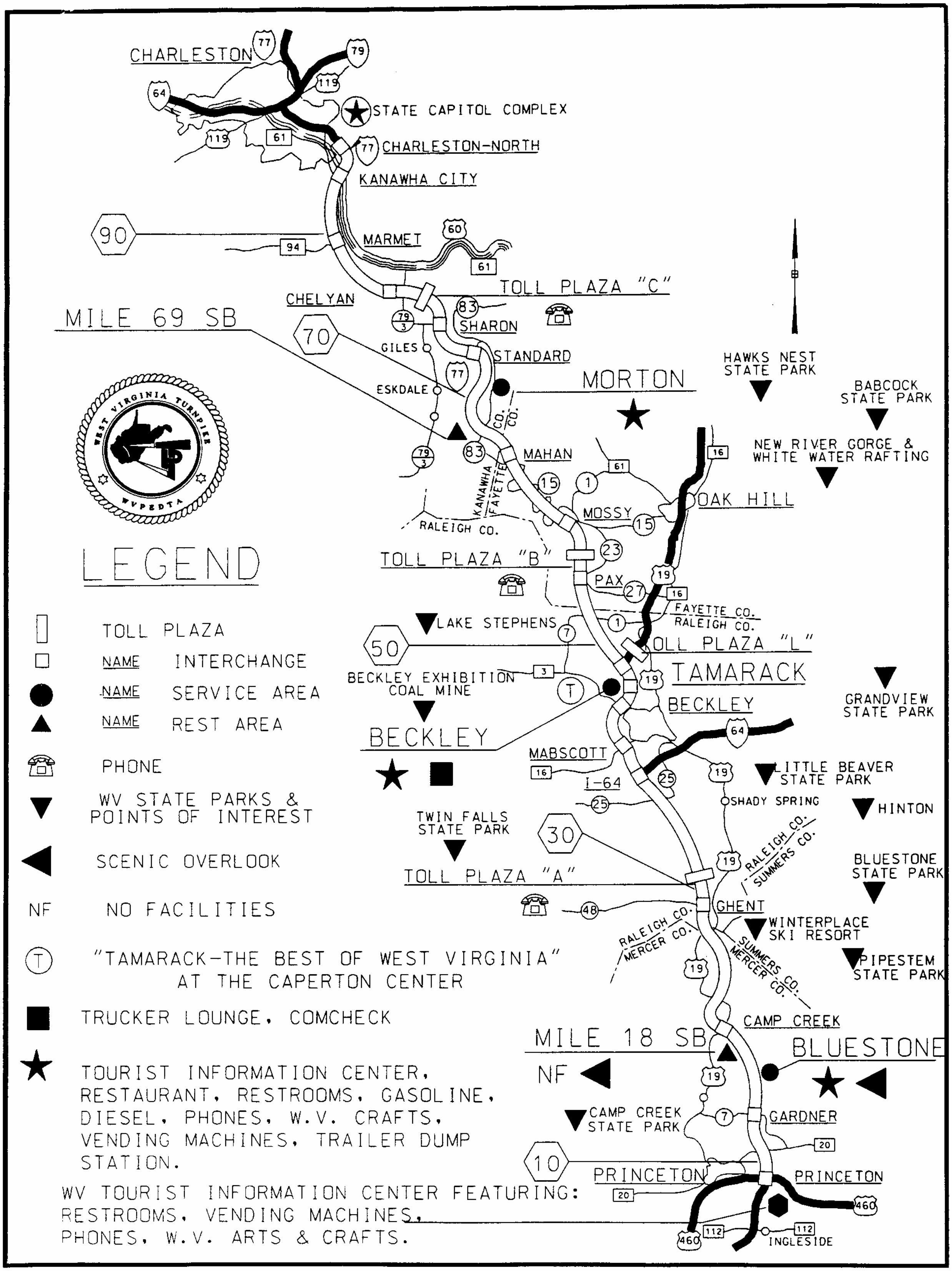
Toll Class	Axles	Description	Mainline Plazas	Corridor "L" (U.S. Route 119)
1*	2	Passenger car	$ 1.25	$ 0.25
2*	3+	Passenger car with trailer	1.50	0.50
3	2/3	Motor home	1.50	0.50
4	3+	Motor home with trailer	2.00	0.75
5	2	2-Axle, dual tire trucks, RVs and buses	2.00	0.50
6	3	3-Axle trucks and buses	2.75	0.75
7	4	4-Axle trucks and semi-trailers	4.00	1.00
8	5	5-Axle trucks and semi-trailers	4.25	1.00
9	6+	6-Axle trucks and semi-trailers	6.00	1.50

* 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.

Oversized vehicles pay $7.50 at mainline plazas and $4.50 at Corridor "L".

Parkways Authority Commuter Cards (PACC)

PACC are available for noncommercial passenger cars and pickup trucks at $100 per year per mainline toll



CHARLESTON
STATE CAPITOL COMPLEX
CHARLESTON-NORTH
KANAWHA CITY
90
MARMET
TOLL PLAZA "C"
CHELYAN
MILE 69 SB
70
SHARON
STANDARD
GILES
ESKDALE
MORTON
HAWKS NEST STATE PARK
BABCOCK STATE PARK
NEW RIVER GORGE & WHITE WATER RAFTING
MAHAN
MOSSY
OAK HILL
RALEIGH CO.
KANAWHA CO.
FAYETTE CO.
WEST VIRGINIA TURNPIKE
WVPEDTA
LEGEND
TOLL PLAZA "B"
PAX
FAYETTE CO.
RALEIGH CO.
TOLL PLAZA
NAME INTERCHANGE
NAME SERVICE AREA
NAME REST AREA
PHONE
WV STATE PARKS & POINTS OF INTEREST
SCENIC OVERLOOK
NF NO FACILITIES
"TAMARACK-THE BEST OF WEST VIRGINIA" AT THE CAPERTON CENTER
TRUCKER LOUNGE, COMCHECK
TOURIST INFORMATION CENTER, RESTAURANT, RESTROOMS, GASOLINE, DIESEL, PHONES, W.V. CRAFTS, VENDING MACHINES, TRAILER DUMP STATION.
WV TOURIST INFORMATION CENTER FEATURING: RESTROOMS, VENDING MACHINES, PHONES, W.V. ARTS & CRAFTS.
LAKE STEPHENS
50
TOLL PLAZA "L"
TAMARACK
BECKLEY EXHIBITION COAL MINE
BECKLEY
GRANDVIEW STATE PARK
BECKLEY
MABSCOTT
I-64
LITTLE BEAVER STATE PARK
SHADY SPRING
HINTON
TWIN FALLS STATE PARK
30
RALEIGH CO.
SUMMERS CO.
BLUESTONE STATE PARK
TOLL PLAZA "A"
GHENT
WINTERPLACE SKI RESORT
RALEIGH CO.
MERCER CO.
SUMMERS CO.
MERCER CO.
PIPESTEM STATE PARK
CAMP CREEK
MILE 18 SB
NF
BLUESTONE
CAMP CREEK STATE PARK
GARDNER
10
PRINCETON
PRINCETON
INGLESIDE