Richmond Metropolitan Authority

Comprehensive Annual Financial Report

Serving Chesterfield, Henrico, and Richmond, Virginia
For the year ended June 30, 2013

Richmond
Metropolitan
Authority

RICHMOND METROPOLITAN AUTHORITY
CHESTERFIELD, HENRICO, AND RICHMOND, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

Prepared by the Department of Finance:
Greg Akers, Director
Curtis Doughtie, Financial Systems Manager
Christina Buisset, Accounting Supervisor
George Boyd, Accounting Technician
Paul Morgan, Accounting Technician

Richmond Metropolitan Authority
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

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Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

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INTRODUCTORY SECTION

919 East Main Street, Suite 600, Richmond, Virginia 23219
Telephone 804 523-3300, Fax 804-523-3330, www.rmaonline.org

September 27, 2013

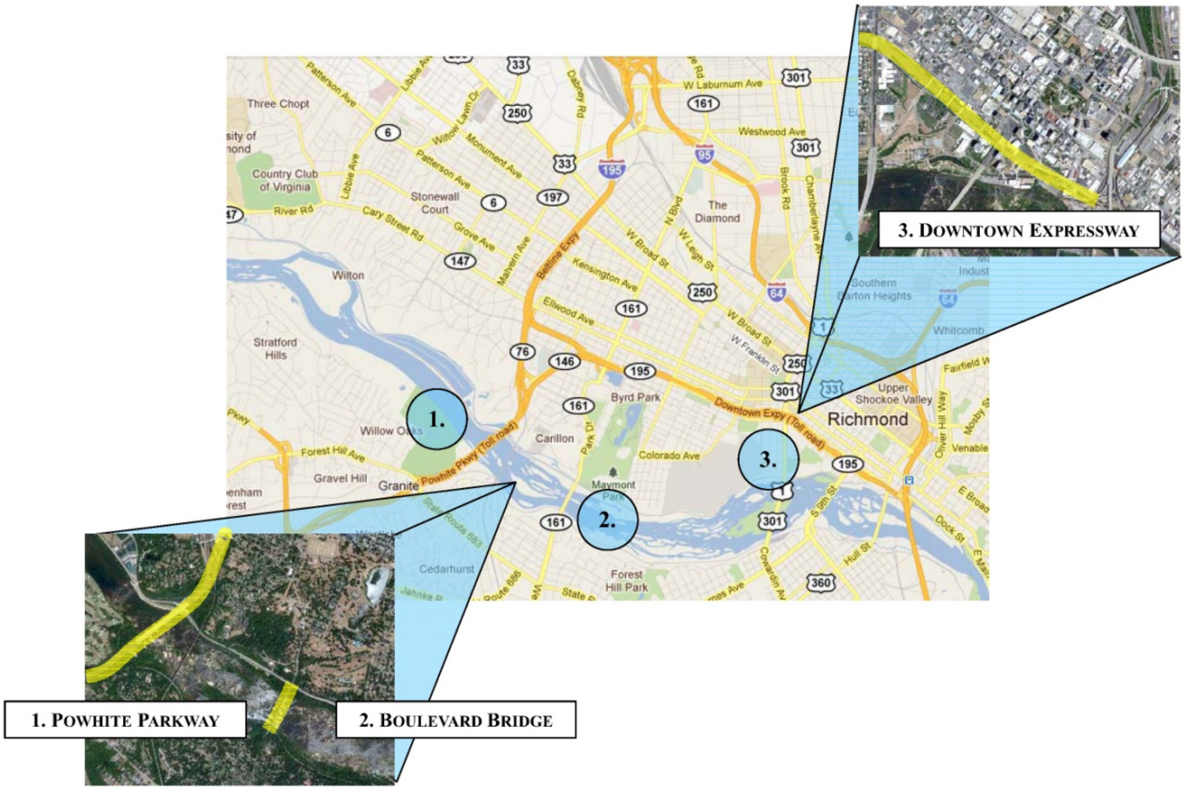
To the Chairman and Members of the Board of Directors
Richmond Metropolitan Authority

The comprehensive annual financial report of the Richmond Metropolitan Authority (the "Authority") for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and reported in a manner designed to present fairly the financial position and changes in financial position of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included. Management's Discussion and Analysis ("MD&A") can be found immediately following the report of independent auditor. The Statistical Section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

The Richmond Metropolitan Authority was created on March 30, 1966 by an Act of the General Assembly of the Commonwealth of Virginia for the initial purpose of constructing and operating a toll Expressway System to serve the Richmond region. In 1973, the Act was amended to authorize the Authority to provide vehicular parking facilities for the Richmond metropolitan area. An additional amendment in 1984 authorized the Authority to acquire land, to construct and own a baseball stadium, and to lease such land, stadium and attendant facilities. In 1992, another amendment authorized the Authority to own and operate sports facilities of any nature including facilities reasonably related thereto and to lease such facilities as the Authority may prescribe. The resolutions authorizing the issuance of bonds prohibit the commingling of funds of the vehicular parking facilities, the Expressway System, and the stadium.

The Authority is governed by a Board of Directors consisting of eleven members, six appointed by the Mayor of the city of Richmond, with the approval of the City Council, and two each by the Boards of Supervisors of the counties of Chesterfield and Henrico. The Commonwealth Transportation Commissioner appoints the eleventh member from the Commonwealth Transportation Board. The Directors each serve four-year terms. Reappointment is the sole responsibility of the aforementioned entities.

The Authority's toll **Expressway System** is comprised of the Powhite Parkway, the Downtown Expressway, and the Boulevard Bridge. Together they provide 50.5 lane miles of roads and 36 bridges connecting downtown Richmond with surrounding areas.



In addition, the Authority has owned and operated various assets and parking facilities in the city of Richmond (the "City"):

- The **Second Street Parking Deck**, built at the request of the City, opened in 1975. This facility provides 350 parking spaces in support of the retail and office market in the area.

- In 1991, two virtually identical parking structures were opened to support Carytown merchants. Parking at these two **Carytown Parking Decks** is free of charge, in accordance with an agreement with the City. Since opening, these two parking decks have supported an increase in business activity in the Carytown area by offering 220 convenient parking spaces to shoppers and visitors. The City provides funding to the Authority for the maintenance and operation of these decks. On June 28, 2013 ownership of the Carytown Parking Decks was transferred to the City.

- The **Expressway Parking Deck**, which opened in 1992, provides approximately 1,000 parking spaces in downtown Richmond. Located in the City's financial district, the deck is within walking distance of historic Shockoe Slip and the State Capitol. During 2010, in accordance with a 1992 agreement relative to air-rights over the deck, developer Armada Hoffler completed the construction of Williams Mullen 16-story office building adjacent to and over a portion of the existing Expressway Parking Deck.

The **Diamond Stadium**, built in 1984, has provided a home since the 2010 season for the Richmond Flying Squirrels minor league baseball team in the metropolitan area. The Flying Squirrels' average attendance of 6,689 for the 2013 season led the Eastern League.

In June 2003, the City completed renovation of the historic **Main Street Station** and adjacent parking lot. Upon completion of the renovation, the City requested that the Authority provide management services for both the station and parking facilities. Starting fiscal year 2013 the City elected to take control of facility parking management and retain parking revenues. The Authority bills the City for any operating and capital expenses not covered by revenues. The Authority submits a budget and financial statements to the City annually.

MAJOR INITIATIVES

Parking – The Authority continues migrating ownership and operation of individual parking operations to the City. This is a planned transition of parking operations, which represent 4% of Authority operating revenues. Starting fiscal year 2013, the City elected to take control of parking operation for Main Street Station. Ownership of the Carytown Parking Decks was transferred to the City on June 28, 2013, followed by transfer of Second Street Deck on August 30, 2013. The Expressway Parking Deck is under consideration for possible transfer during fiscal year 2014.

Expressway – Fiscal year 2013 marked the expansion of Open Road Tolling ("ORT") technology to the Downtown Expressway in August 2012. Considered the standard for all future toll facilities constructed throughout the world, ORT is a barrier-free system that allows for toll collection and violation enforcement under normal highway driving conditions. Convenience, a reduction to congestion, safety, improved air quality, and fuel economy are the driving forces behind the popularity of the system. The project extends the benefits of ORT, enjoyed by the Authority's Powhite Expressway customers since fiscal year 2009, to the Downtown Expressway westbound lanes. The Authority also transitioned to a new toll system for its traditional lanes during fiscal year 2013. The project renovated and replaced systems and equipment at the end of their effective life cycle. Key on-going preservation projects include:

- Modified latex overlay to the wearing surface of the Powhite Bridge. Southbound lanes overlay was completed in summer of 2013, with northbound lanes scheduled for spring of 2014.
- An update of Powhite ORT technology, planned for fiscal year 2014.

ECONOMIC CONDITION AND OUTLOOK

Expressway System fiscal year traffic of 56.6 million increased 0.7% from the prior year. Expressway System traffic levels are closely related to area employment, which directly impacts the number of daily commuter trips. Richmond continues to experience a gradual recovery from the 2008 recession. The slow pace of the economic recovery creates uncertainty for continued improvement. The United States Bureau of Labor Statistics ("BLS") released revised employment data for the past five calendar years in January 2013. BLS data reflects gradual employment growth, consistent with the Authority's traffic growth. Regional employment of 628,584 at June 2012 grew 0.3% to 630,453 at June 2013. Our traffic and revenue consultant, Jacobs, Inc., predicts that the fiscal year 2014 toll revenue forecast can be achieved with no growth from the prior year. Traffic volumes the first two months of fiscal year 2014 are 3% ahead of projections. The Authority will continue to monitor monthly revenue and traffic numbers relative to projections.

The Richmond metropolitan area continues to attract new development and construction which support continued demand for the Expressway System and parking facilities including:

- Construction started during the summer of 2013 on the Gateway Plaza, a new 18-story office building in the heart of downtown Richmond. McGuireWoods Consulting, LLC will be the anchor tenant of this new building.

- A $30 million dollar renovation was completed in February 2013 of the former First National Bank Building. The historic 19-story structure, dating from 1913, was the first skyscraper in Richmond and was converted into 154 apartment units with commercial space on the ground level.

- Virginia Commonwealth University, located in the heart of Richmond with an enrollment in excess of 32,000 students, continues as a key factor in new development. The new McGlothlin Medical Education Center opened in spring 2013. This 12-story, 200,000 square foot building coincides with the launch of a new medical school curriculum.

- The historic rehabilitation of The Locks, an exclusive enclave of residential and commercial spaces along the Haxall and Kanawha Canals. Four industrial buildings built from the late 1800's to early 1900's were used to package aluminum foil and operated until mid-2009 by Reynolds Consumer Products. Completion of the first phase of this project in the summer of 2013 has created 175 apartments with 8,000 square feet of retail space.

- Richmond welcomed the Washington Redskins to their new training facility in July 2013. The City's $10.8 million investment provides a welcoming environment for fans to connect with the team during their annual preparations for the upcoming NFL season.

- Meadowville Technology Park in Chesterfield County continues to be a cornerstone of future economic growth in the County. Located at Interstate 295 and Meadowville Road, development activity in the park includes a one million square foot Amazon fulfillment center (opened October 2012) and planned construction on a $175 million data center for Capital One.

- Construction began in summer 2013 at Libbie Mill, a new $434 million mixed-use community on 80 acres on Staples Mill Road in Henrico County. The development is projected to have 994 homes, 1,096 apartments, and about 160,000 square feet of office and retail space. The first announced retail tenant, Southern Season, is scheduled to open a 53,000 square foot store in mid-2014.

FINANCIAL INFORMATION

Internal Controls – Management of the Authority is responsible for establishing and maintaining a system of internal controls designed: 1) to ensure that the assets of the Authority are protected from loss, theft or misuse; and, 2) to provide assurance that accounting data is compiled and presented in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute assurance of the integrity and reliability of accounting information, and recognize that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls – Annually, the Authority submits a budget to the Board of Directors for consideration and adoption. The Authority maintains monthly budgetary monitoring as part of its system of internal controls. Budget to actual financial reports are prepared monthly and presented to management and the Board of Directors. As an additional budgetary control, Section 708 of a resolution creating and establishing an issue of revenue bonds of the Authority, adopted October 18, 2011, requires the Authority's two consultants, consulting engineers and the traffic and revenue consultants, to certify that the annual operating budget provides sufficient revenues to meet budgeted expenses and to maintain the quality of the Authority's facilities. Section 509 of the aforementioned resolution establishes the Repair and Contingency Fund to be maintained so long as any of the Bonds remain outstanding and unpaid, said Fund to be administered by the Authority. This section also stipulates that the consulting engineering firm will certify the amount(s) deposited into the Repair and Contingency fund annually to pay the extraordinary and non-recurring costs of operation, maintenance, repairs and replacements to the Expressway System not paid from the Operating Fund.

OTHER INFORMATION

Independent Audit – Section 710 of a resolution, adopted October 18, 2011, creating and establishing an issue of revenue bonds of the Richmond Metropolitan Authority, requires an annual audit by independent certified public accountants. The auditor's report on the basic financial statements is included in the financial section of this report.

Award – The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Richmond Metropolitan Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Richmond Metropolitan Authority has received a Certificate of Achievement for nineteen consecutive years. The Authority believes the current report continues to conform to the Certificate of Achievement program requirements and is being submitted to GFOA for consideration.

Acknowledgments – Preparation of the Authority's comprehensive annual financial report on a timely basis was made possible by the dedicated service of the staff of the Finance Department and the Authority's Internal Auditor. We appreciate the contributions from each member of the Department in the preparation of this report. In closing, we would like to thank the Board of Directors of the Authority for their continued leadership and support in planning and conducting the financial affairs of the Authority in a responsible and progressive manner.

Sincerely,

Angela L. Gray	Greg L. Akers
General Manager	Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Richmond Metropolitan Authority, Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

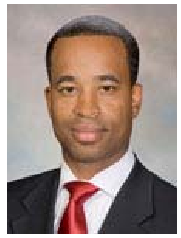
June 30, 2012

Executive Director

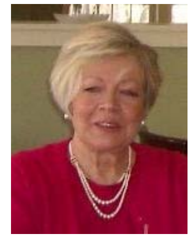
Richmond Metropolitan Authority
Principal Officials
For the Fiscal Year Ended June 30, 2013

Board of Directors

Mr. Carlos M. Brown
Chairman – City of Richmond



Mr. Darius A. Johnson
City of Richmond



Ms. Betty Jolly
City of Richmond

Mr. Michael Schewel
City of Richmond

Ms. Marilyn West
City of Richmond

Vacant
City of Richmond

Mr. A. Dale Cannady
Chesterfield County

Mr. Charles R. White
Chesterfield County

Mr. David A. Brat
Henrico County

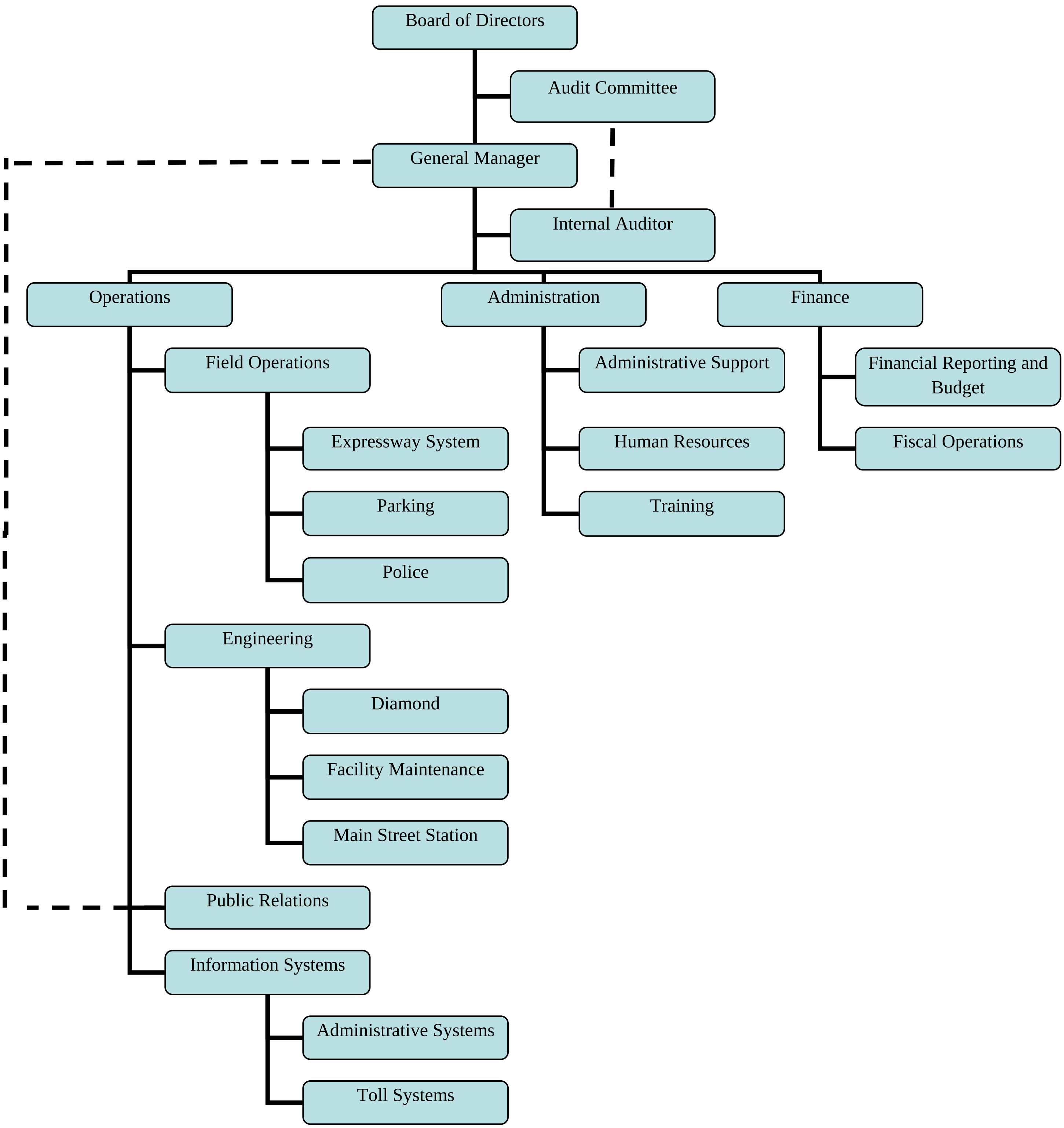
Mr. Virgil R. Hazelett
Henrico County

Mr. Roger Cole
Department of Transportation

Management and General Counsel

General Manager	Ms. Angela L. Gray
Acting Director of Operations	Ms. Theresa M. Simmons
Director of Finance	Mr. Greg L. Akers
Director of Administration	Ms. Paulette S. Cook
Secretary and General Counsel	Mr. Eric E. Ballou

Richmond Metropolitan Authority
Organizational Chart
For the Fiscal Year Ended June 30, 2013



FINANCIAL SECTION

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
Richmond Metropolitan Authority
Richmond, Virginia

We have audited the business-type activities, each major fund, and the aggregate remaining fund information of the Richmond Metropolitan Authority (the "Authority") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the business-type activities, each major fund, and the aggregate remaining fund information of the Richmond Metropolitan Authority, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 18 and Note 19 to the financial statements, in 2013 the Richmond Metropolitan Authority adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Adoption of new accounting guidance resulted in a restatement of beginning net position associated with previously reported deferred financing costs. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Richmond Metropolitan Authority's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2013, on our consideration of the Richmond Metropolitan Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Richmond Metropolitan Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
September 27, 2013

Richmond Metropolitan Authority
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

This section presents management's discussion and analysis of the financial performance of the Richmond Metropolitan Authority (the "Authority") during the fiscal year ended June 30, 2013. This section should be read in conjunction with the transmittal letter in the introductory section of this report and the Authority's financial statements, which immediately follow this section.

Financial Highlights

Assets of the Authority exceeded liabilities by $82.0 million (net position), an increase of $6.9 million or 9.2% for the fiscal year. Changes in key elements from the prior year include:

1. Current and other assets of $64.5 million increased by $0.1 million.
2. Capital assets of $231.3 million increased by $3.5 million.
3. Deferred outflows of resources of $13.3 million decreased by $1.6 million.
4. Long-term liabilities of $206.2 million decreased by $4.2 million.
5. Total net position of $82.0 million increased by $6.9 million.
6. Operating revenues of $38.7 million increased by $0.1 million or 0.1%.
7. Operating expenses of $20.3 million increased by $0.7 million or 3.7%.

The items above are organized below by fund and evaluated in more detail in the "Net Position" and "Changes in Net Position" sections that follow.

Expressway System

- The Authority's Expressway System provides a vital urban transportation link. The Powhite Parkway provides the only high-speed crossing of the James River located in the geographical center of the region. It links expressways running north-south and east-west through the heart of the metropolitan area. The Downtown Expressway connects the Powhite Parkway to downtown Richmond and Interstate 95. The Boulevard Bridge provides a two-lane river crossing serving a residential area south of the James River. By far, the largest portion of the Authority's financial activity is associated with the Expressway System fund, with $103.3 million of total net position and a $9.0 million increase in net position.
- Toll revenue of $36.6 million increased $0.5 million from the prior year due to increases in traffic volume.
- Traffic volume of 56.6 million vehicles was 0.5% ahead of the fiscal year projection provided by our traffic and revenue consultant, Jacobs, Inc.
- West bound open road tolling (ORT) lanes at the Downtown Expressway opened in August 2012, while a toll system replacement project continued in fiscal year 2013. Costs of $4.6 million were capitalized for these projects in fiscal year 2013, along with capitalized interest of $0.8 million.
- Investment earnings include a $996,000 loss on the fair market value of investments. The majority of market value loss occurred in the last quarter of the fiscal year with rising interest rates on government agency notes. The Authority typically holds all investments to maturity, and there were no losses from the sale of investments. At June 30, 2013, the fund's $46.3 million investment fair value was $638,000 less than cost.

Expressway Parking Deck

- Operating revenues of $1.3 million decreased 2.8% over prior year, with the primary revenue source (90%) from monthly rentals. Average monthly rentals of 959 spaces decreased 4.4% from the prior year. Transient parking revenue increased by $11,000 or 8.1%.

Stadium

- Fiscal year 2013 reflects the second half of the 2012 baseball season and the first half of the 2013 baseball season, as well as costs associated with maintaining the facility. As described at Note 14, the team is responsible for certain facility operations and expenses.
- Operating expenses of $632,000 decreased $144,000 or 18.6% from prior year, primarily due to decreased maintenance costs. The prior year had additional maintenance expense of $113,000 for a biennial roof inspection by a consulting engineer and associated repairs. The next roof inspection is scheduled for fiscal year 2014.
- Based on sufficiency of reserve balances, the Authority did not receive any additional support from the localities during the current fiscal year.

Main Street Station

- Operating revenues decreased $370,000 from the prior year to $283,000, primarily due to the transfer of parking operations to the city of Richmond (the "City") in early fiscal year 2013.
- As described at Note 10 to the financial statements, the Authority manages Main Street Station for the City under an annual contract. The City agreed to fund all operating expenses in excess of operating revenues associated with facility operation. Non-operating revenue "support from localities" has been recognized to the extent operating expenses exceed operating revenue. Support necessary from the City of $689,000 increased $340,000 compared to the prior year, primarily due to transfer of parking operations to the City. Additional funding received under the agreement with City to provide operating cash is shown as an advance, and accordingly there are no net assets for this fund.

Second Street Parking Deck (Non-Major Fund)

- Operating revenues of $137,000 decreased 3.8% from prior year.
- The Second Street Parking Deck continued to struggle financially. The 188 average monthly parkers for the current year is a slight decrease from 192 in fiscal year 2012. The deck's 350 spaces provide additional capacity should economic conditions near the location improve.
- Operations at the parking facility provide sufficient cash flow to cover operating expenses and interest on the Series 1974 bonds, but do not provide sufficient revenues to pay the principal amount due. In prior years, the City has authorized the transfer of funds from the Expressway Parking Deck to provide funds for the July 1 principal payment. In fiscal year 2013, the City sent the Authority $220,000 for early retirement of the outstanding balance due to bondholders. See additional discussion at Notes 8, 9, and 20.

Carytown Parking Decks (Non-Major Fund)

- Expenses at the Carytown parking decks remained stable during the fiscal year 2013. Parking at these two facilities is free of charge. As described at Note 10 to the financial statements, the City provides funding for operation of the decks.
- As part of the City's effort to consolidate parking operations, the Authority transferred the facility to the City on June 28, 2013. All remaining fund assets, less estimated future administrative expenses necessary to close the fund, are recorded on the Authority's statements as a payable due to the City. The $1.0 million of fund assets transferred to the City is separately listed on the Statement of Revenues, Expenses, and Changes in Net Position.

Overview of the Financial Statements

The financial section of this annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and the notes to the financial statements, and other supplementary information.

The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information and a section of other supplementary information that further explains and supports the information in the financial statements.

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States as applied to government units on an accrual basis. Under this basis 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 in the Statements of Revenues, Expenses, and Changes in Fund Net Position. All assets, liabilities, and net position associated with the operation of the Authority are included in the Statement of Net Position. Net position – the difference between assets and liabilities – is one way to measure the Authority's financial health or position.

Net Position

	June 30, 2013	June 30, 2012 As Restated	Increase (Decrease)	% Change
Current and other assets	$ 64,510,405	$ 64,379,883	$ 130,522	0.2%
Capital assets	231,282,792	227,740,389	3,542,403	1.6%
Total assets	295,793,197	292,120,272	3,672,925	1.3%
Deferred outflows of resources	13,328,728	14,888,232	(1,559,504)	-10.5%
Current liabilities	20,920,904	21,544,538	(623,634)	-2.9%
Long-term liabilities	206,193,311	210,381,507	(4,188,196)	-2.0%
Total liabilities	227,114,215	231,926,045	(4,811,830)	-2.1%
Net position (deficit):				
Net investment in capital assets	85,344,801	88,262,025	(2,917,224)	-3.3%
Restricted	38,700,689	28,481,179	10,219,510	35.9%
Unrestricted	(42,037,780)	(41,660,745)	(377,035)	0.9%
Total net position	$ 82,007,710	$ 75,082,459	$ 6,925,251	9.2%

- Assets and deferred outflows exceeded liabilities at the close of the most recent fiscal year by $82.0 million (net position), an increase of $6.9 million or 9.2%.
- Current and other assets of $64.5 million increased by $0.1 million.
- Capital assets of $231.3 million increased by $3.5 million, primarily due to the capitalization of construction expenses for the Downtown Expressway ORT project.
- The Authority adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which requires deferred losses on refundings, previously netted against bonds and notes payable, to be shown on the face of the balance sheet as a deferred outflow. See Note 18.
- Net position changed as follows:
  - Net investment in capital assets decreased $2.9 million due to the capitalization of construction expenses and scheduled debt service.
  - Restricted net position of $38.7 million increased by $10.2 million and consists of funds restricted for debt service and planned Expressway System capital improvements and maintenance requirements.
  - Unrestricted net assets decreased $0.4 million, which includes the $0.5 million increase in unpaid interest at the Expressway Parking Deck.

Changes in Net Position

	June 30, 2013	June 30, 2012	Increase (Decrease)	% Change
Operating revenues:				
Tolls	$ 36,585,702	$ 36,111,774	$ 473,928	1.3%
Parking	1,566,154	2,001,362	(435,208)	-21.7%
Rentals	514,207	495,949	18,258	3.7%
Other	18,188	19,452	(1,264)	-6.5%
Total operating revenue	38,684,251	38,628,537	55,714	0.1%
Operating expenses:				
Salaries and benefits	7,504,865	7,234,333	270,532	3.7%
Operations	6,108,233	6,853,911	(745,678)	-10.9%
Preservation and capital maintenance	5,703,506	4,515,538	1,187,968	26.3%
Depreciation	981,402	964,974	16,428	1.7%
Total operating expenses:	20,298,006	19,568,756	729,250	3.7%
Operating income	18,386,245	19,059,781	(673,536)	-3.5%
Nonoperating revenues (expenses):				
Investment earnings	(423,520)	233,663	(657,183)	-281.3%
Interest expense:				
Bonds	(11,020,426)	(11,016,816)	(3,610)	0.1%
Notes	(25,103)	(570,392)	545,289	-95.6%
Support from localities	1,029,990	469,793	560,197	119.2%
Total nonoperating revenues (expenses)	(10,439,059)	(10,883,752)	444,693	-4.1%
Change in net position before special items	7,947,186	8,176,029	(228,843)	-2.8%
Transfer of facilities	(1,021,935)	-	(1,021,935)	N/A
Capital contributions	-	25,000	(25,000)	N/A
Change in net position	6,925,251	8,201,029	(1,275,778)	-15.6%
Beginning	75,082,459	69,557,636	5,524,823	7.9%
Restatement	-	(2,676,206)	2,676,206	N/A
Ending	$ 82,007,710	$ 75,082,459	$ 6,925,251	9.2%

Operating revenues of $38.7 million increased $0.1 million or 0.1%, primarily due to additional toll revenue from increased traffic volume. Tolls comprise 94.6% of operating revenues. Operating expenses of $20.3 million increased by $0.7 million or 3.7%, primarily due to Expressway System maintenance expense increasing by $1.2 million to $5.7 million. Under the modified approach for infrastructure, described further in required supplementary information, the Authority expenses certain preservation and capital maintenance cost and does not report depreciation expense for selected Expressway System infrastructure. Preservation and capital maintenance expense routinely varies between years based on the timing and scope of planned Expressway System maintenance projects. The current year Expressway System infrastructure projects include $5.4 million that was capitalized. The $6.9 million increase in net position resulted from a combination of planned revenues applied to debt service and the accumulation of restricted resources for future Expressway System capital improvements and maintenance requirements.

The change in total net position is also summarized by fund below:

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non-Major Funds
Fiscal year 2013	$ 103,256,107	$ (25,246,741)	$ 4,762,229	$ -	$ (763,885)
Fiscal year 2012	94,260,307	(24,286,072)	4,988,012	-	120,212
Increase/(Decrease)	$ 8,995,800	$ (960,669)	$ (225,783)	$ -	$ (884,097)

Capital Assets

The Authority's capital assets consist of roads, bridges, land, buildings, the Diamond, and equipment. As of June 30, 2013, gross capital assets increased to $249.3 million, while capital assets net of accumulated depreciation increased to $231.3 million.

Capital Assets Net of Depreciation

	2013	2012	Increase (Decrease) 2013–2012
Expressway system	$ 199,569,029	$ 187,051,962	$ 12,517,067
Boulevard Bridge	9,777,483	9,777,483	-
Land	1,181,366	1,628,981	(447,615)
Construction in progress	6,857,258	13,973,179	(7,115,921)
Buildings	2,561,791	2,634,932	(73,141)
Parking garages	7,403,345	8,410,915	(1,007,570)
Stadium facility	3,699,121	4,058,923	(359,802)
Vehicles and equipment	233,399	204,014	29,385
Total	$ 231,282,792	$ 227,740,389	$ 3,542,403

See Note 5 for additional information relative to capital assets.

The Authority has elected to use the modified approach to account for certain infrastructure assets, as provided in GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for*

State and Local Governments. Under the modified approach, the Authority does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets, unless the improvements expand the capacity, technology or efficiency of the asset. Bridges and expressways maintained by the Authority are accounted for using the modified approach.

Utilization of this approach requires the Authority to commit to maintaining and preserving affected assets at or above a condition level established by the Authority, maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained, and make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. For fiscal year 2013, the Authority spent approximately $5.6 million to preserve and maintain the roads and bridges at or above this level.

The Authority uses the engineering firm of Howard, Needles, Tammen, & Bergendoff ("HNTB") for inspections of its road and bridge network. Roads are inspected annually while bridges are inspected biennially. HNTB, utilizing the asphalt specific Washington State Department of Transportation Pavement Condition Rating ("PCR") System as a guide, generated a condition rating for defined segments of the Authority's Expressway System. The surface pavement of the Expressway System is composed entirely of asphalt. A PCR rating will fall into one of four distinct Treatment Groups with each having corresponding maintenance strategies and potential treatments. Group 1, PCR between 75 – 100, indicates excellent to very good condition; Group 2, PCR between 50 – 74, indicates very good to good condition; Group 3, PCR between 25 – 49, indicates good to fair condition; and Group 4, PCR between 0 – 24, indicates fair to poor condition. The Authority has a preventative maintenance program that will not permit surface pavements to fall below a PCR value of 40 or Group 3 condition. Over 93% of the Authority's road surfaces have a Group 2 or better rating, with the remaining 7% at a Group 3 rating, thereby complying with the Authority's preventative maintenance program.

HNTB, using the Bridge Management and Inspection Program, generated a condition rating for the Authority's bridges. The bridge condition rating is a numerical condition scale ranging from 1 (impaired or load restricted) to 9 (new). A bridge is considered "deficient" – that is, needs maintenance or preservation – when its condition rating falls below 5. A bridge is unsafe – impaired or load restricted – when its rating falls below condition level 2. It is the Authority's policy that no bridge, including the deck surface, will be rated as level 4, "structurally deficient." The latest condition assessment, as conducted by HNTB in 2012, indicates that the Authority is in compliance with the above stated policy.

Debt Administration

The Authority did not issue debt during fiscal year 2013. At June 30, 2013, outstanding bonds and notes payable of $203,141,719 decreased by $4.3 million or 2.1% from the prior year. Total non-current accrued interest of $15,211,563 increased by $0.5 million or 3.4% from the prior year. See Notes 7, 8, and 9 for additional information relative to the Authority's debt. A summary by fund follows:

Expressway System: Bonds payable totaled $183,648,902 and is comprised of $179,520,000 in Expressway System parity debt (excluding additions of $4,128,902 for premiums). Of this amount, $3,725,000 is payable July 15, 2013.

Expressway Parking Deck: Bonds payable to the City totaled $18,875,000 (excluding deductions of $11,683 for unamortized discounts). Unpaid accrued interest at June 30, 2013 was $15,029,497. Under the terms of the 1990 and 1992 bond indentures, the Authority is not in a default status.

Second Street Parking Deck: Bonds and notes payable of $629,500 consisted of $220,000 for 1974 Series Parking Garage Revenue bonds and $409,500 for a note payable to the City. Accrued interest on this note totals $985,675. In June 2013, the Authority received $220,000 from the City for early retirement of the outstanding balance due to bondholders. In June 2013, the City agreed to waive the subordinate note and associated accrued interest, contingent upon the transfer of the parking facility from the Authority to the City. See Note 20 for additional information.

Economic Factors

Residents of the surrounding counties, commuting daily to employment centers and cultural activities in downtown Richmond, represent the primary users of the Authority's Expressway System. Expressway System traffic levels are closely related to area employment, which directly impacts the number of daily commuter trips. The region remains a growing community with a diverse economy and continues to experience a gradual recovery from the 2008 recession. Regional employment of 628,584 at June 2012 grew 0.3% to 630,453 at June 2013. Over the past decade, population has continued to increase, as illustrated at Table 19 in the Statistical Section. Regional unemployment of 6.3% in June 2013 is an improvement compared to 6.7% in the prior year. The regional unemployment is slightly behind Virginia's 5.5% and compares favorably to the national rate of 7.6%.

Traffic levels are illustrated at Table 20 in the Statistical Section for the past decade. Fiscal year 2013 traffic volume of 56.6 million increased 0.7% from fiscal year 2012. Although the slow pace of the economic recovery creates uncertainty for continued improvement, the Authority's traffic and revenue consultant, Jacobs, Inc., predicts that the fiscal year 2014 toll revenue forecast can be achieved with no growth from the prior year.

Fiscal Year 2014 Rates

Expressway System tolls were last increased in September 2008 and remain unchanged for next fiscal year. Table 13 in the statistical section illustrates toll rates for the past ten years. There are no changes to parking rates for next fiscal year.

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 concerning this report or require additional information, contact the Richmond Metropolitan Authority, Attention: Director of Finance, 919 East Main St., Suite 600, Richmond, Virginia 23219. Interested parties may also call (804) 523-3300.

BASIC FINANCIAL STATEMENTS

Richmond Metropolitan Authority
Statement of Net Position
As of June 30, 2013

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non-Major Funds	Total Business Type Activities
ASSETS						
Current assets:						
Cash and cash equivalents (Note 2)	$ 3,288,840	$ 1,302,223	$ 422,016	$ 126,638	$ 117,484	$ 5,257,201
Restricted cash (Note 2)	12,121,187	-	-	-	-	12,121,187
Restricted investments held by trustee (Note 3)	8,385,317	-	-	-	226,607	8,611,924
Other short-term investments (Note 3)	3,940,743	-	-	-	-	3,940,743
Accrued interest receivable	52,083	-	-	-	-	52,083
Receivables (Note 4)	136,874	3,222	147,725	157,217	750	445,788
Prepaid expenses	23,390	-	-	-	-	23,390
Total current assets	27,948,434	1,305,445	569,741	283,855	344,841	30,452,316
Noncurrent assets:						
Restricted investments held by trustee (Note 3)	23,510,357	-	-	-	-	23,510,357
Other long-term investments (Note 3)	10,492,830	-	-	-	-	10,492,830
Escrow assets (Note 8)	54,902	-	-	-	-	54,902
Capital assets (Note 5):						
Land and other non-depreciable assets	216,203,770	134,366	612,000	-	435,000	217,385,136
Buildings, systems, and equipment	3,763,520	15,731,308	10,723,373	-	1,689,887	31,908,088
Less: Accumulated depreciation	(968,330)	(8,454,838)	(7,024,252)	-	(1,563,012)	(18,010,432)
Capital assets, net	218,998,960	7,410,836	4,311,121	-	561,875	231,282,792
Total noncurrent assets	253,057,049	7,410,836	4,311,121	-	561,875	265,340,881
Total assets	281,005,483	8,716,281	4,880,862	283,855	906,716	295,793,197
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding (Note 8, 18)	13,328,728	-	-	-	-	13,328,728
Total assets and deferred outflows of resources	$ 294,334,211	$ 8,716,281	$ 4,880,862	$ 283,855	$ 906,716	$ 309,121,925
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities (Note 6)	$ 3,158,340	$ 42,350	$ 38,783	$ 76,029	$ 48,121	$ 3,363,623
Accrued interest payable (Note 7, 8)	4,179,333	803,609	-	-	6,600	4,989,542
Advance	-	-	-	137,720	-	137,720
Unearned revenue	-	9,100	79,850	70,106	705	159,761
Bonds and notes payable, current (Note 7, 8)	4,006,927	8,043,331	-	-	220,000	12,270,258
Total current liabilities	11,344,600	8,898,390	118,633	283,855	275,426	20,920,904
Noncurrent liabilities:						
Accrued liabilities (Note 6, 7)	91,529	18,758	-	-	-	110,287
Bonds and notes payable (Note 7, 8)	179,641,975	10,819,986	-	-	409,500	190,871,461
Accrued interest payable (Note 7, 8)	-	14,225,888	-	-	985,675	15,211,563
Total noncurrent liabilities	179,733,504	25,064,632	-	-	1,395,175	206,193,311
Total liabilities	191,078,104	33,963,022	118,633	283,855	1,670,601	227,114,215
NET POSITION (DEFICIT)						
Net investment in capital assets	92,553,786	(11,452,481)	4,311,121	-	(67,625)	85,344,801
Restricted for repairs and contingency	19,117,059	333,000	242,386	-	18,314	19,710,759
Restricted for debt service	18,763,323	-	-	-	226,607	18,989,930
Unrestricted	(27,178,061)	(14,127,260)	208,722	-	(941,181)	(42,037,780)
Total net position (deficit)	103,256,107	(25,246,741)	4,762,229	-	(763,885)	82,007,710
Total liabilities and net position	$ 294,334,211	$ 8,716,281	$ 4,880,862	$ 283,855	$ 906,716	$ 309,121,925

See accompanying notes to financial statements

Richmond Metropolitan Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2013

	Expressway System	**Expressway Parking Deck**	**Stadium**	**Main Street Station**	**Other Non-Major Funds**	**Total Business Type Activities**
Operating revenues:						
Tolls	$ 36,585,702	$ -	$ -	$ -	$ -	$ 36,585,702
Parking	-	1,280,639	64,725	20,700	200,090	1,566,154
Rentals	45,116	-	220,028	249,063	-	514,207
Other	1,040	3,149	7	13,357	635	18,188
Total operating revenues	36,631,858	1,283,788	284,760	283,120	200,725	38,684,251
Operating expenses:						
Salaries and benefits	6,757,585	369,906	86,139	207,616	83,619	7,504,865
Operations	4,994,619	168,769	100,874	764,589	79,382	6,108,233
Preservation and capital maintenance	5,576,876	32,921	84,977	-	8,732	5,703,506
Depreciation	155,862	393,283	359,802	-	72,455	981,402
Total operating expenses	17,484,942	964,879	631,792	972,205	244,188	20,298,006
Operating income (loss)	19,146,916	318,909	(347,032)	(689,085)	(43,463)	18,386,245
Nonoperating revenues (expenses):						
Investment earnings	(424,612)	653	249	95	95	(423,520)
Interest expense:						
Bonds	(9,726,504)	(1,280,231)	-	-	(13,691)	(11,020,426)
Notes	-	-	-	-	(25,103)	(25,103)
Support from localities	-	-	121,000	688,990	220,000	1,029,990
Total nonoperating revenues (expenses)	(10,151,116)	(1,279,578)	121,249	689,085	181,301	(10,439,059)
Change in net position before special items	8,995,800	(960,669)	(225,783)	-	137,838	7,947,186
Transfer of facilities	-	-	-	-	(1,021,935)	(1,021,935)
Change in net position	8,995,800	(960,669)	(225,783)	-	(884,097)	6,925,251
Net position (deficit) - beginning, as restated	94,260,307	(24,286,072)	4,988,012	-	120,212	75,082,459
Net position (deficit) - ending	$ 103,256,107	$ (25,246,741)	$ 4,762,229	$ -	$ (763,885)	$ 82,007,710

See accompanying notes to financial statements

Richmond Metropolitan Authority
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non-Major Funds	Total Business Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$ 36,550,882	$ 1,280,569	$ 246,753	$ 242,590	$ 136,824	$ 38,457,618
Receipts from city of Richmond	-	-	-	-	79,310	79,310
Payments to suppliers	(10,877,097)	(184,265)	(190,237)	(785,987)	(79,091)	(12,116,677)
Payments to employees	(7,095,663)	(380,083)	(86,139)	(212,263)	(83,758)	(7,857,906)
Net cash provided by (used for) operating activities	18,578,122	716,221	(29,623)	(755,660)	53,285	18,562,345
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from localities	-	-	121,000	757,392	220,000	1,098,392
Net cash provided by (used for) non-capital financing activities	-	-	121,000	757,392	220,000	1,098,392
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest paid on revenue bonds and notes	(8,794,328)	(781,388)	-	-	(16,350)	(9,592,066)
Principal paid on revenue bonds and notes	(3,510,000)	-	-	-	(105,000)	(3,615,000)
Capitalized interest	(795,867)	-	-	-	-	(795,867)
Capital expenses	(4,717,385)	-	-	-	-	(4,717,385)
Net cash provided by (used for) capital and related financing activities	(17,817,580)	(781,388)	-	-	(121,350)	(18,720,318)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(55,282,770)	-	-	-	(233,217)	(55,515,987)
Proceeds from sale and maturities of investments	57,345,935	-	-	-	147,044	57,492,979
Interest on investments	673,866	653	249	95	96	674,959
Net cash provided by (used for) investing activities	2,737,031	653	249	95	(86,077)	2,651,951
Net increase (decrease) in cash and cash equivalents	3,497,573	(64,514)	91,626	1,827	65,858	3,592,370
Cash and cash equivalents - July 1	11,912,454	1,366,737	330,390	124,811	51,626	13,786,018
Cash and cash equivalents - June 30	$ 15,410,027	$ 1,302,223	$ 422,016	$ 126,638	$ 117,484	$ 17,378,388
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	19,146,916	318,909	(347,032)	(689,085)	(43,463)	18,386,245
Depreciation expense	155,862	393,283	359,802	-	72,455	981,402
(Increase) decrease in accounts receivable	(80,976)	(2,016)	(36,607)	25,378	15,910	(78,311)
(Increase) decrease in prepaids and other	(7,927)	-	-	-	-	(7,927)
(Decrease) increase in accounts payable and accrued liabilities	(635,753)	7,248	(4,386)	(26,045)	8,884	(650,052)
(Decrease) increase in unearned revenue	-	(1,203)	(1,400)	(65,908)	(501)	(69,012)
Net cash provided (used for) operating activities	18,578,122	716,221	(29,623)	(755,660)	53,285	18,562,345
Non-cash investing activities:						
Net change in fair value of investments	(995,791)	-	-	-	-	(995,791)

See accompanying notes to financial statements

Note 1 – Summary of significant accounting policies

Reporting entity

The Richmond Metropolitan Authority (the "Authority") was created in March 1966 by an Act of the General Assembly of the Commonwealth of Virginia for the initial purpose of constructing and operating a toll expressway system to serve the Richmond metropolitan area. In 1973, the Act was amended to authorize the Authority to provide vehicular parking facilities for the Richmond metropolitan area. An additional amendment in 1984 authorized the Authority to acquire land, to construct and own a baseball stadium, and to lease such land, stadium, and attendant facilities. In 1992, another amendment authorized the Authority to own and operate sports facilities of any nature including facilities reasonably related thereto and lease such facilities as the Authority may prescribe.

The Authority is empowered to issue revenue bonds which shall be payable from revenues derived from the operation of the facilities. In addition, the Authority is empowered to issue bonds for the purpose of refunding any revenue bonds. Under the provisions of the Act, no bond issue of the Authority or any interest thereon is an obligation of the Commonwealth of Virginia or other government entity. The Expressway System and Second Street Parking Facility bond resolutions provide that when all related revenue bonds and interest thereon have been paid, the facilities will become the property of the city of Richmond (the "City"). The resolutions authorizing the issuance of bonds prohibit the commingling of funds of the various enterprises and prescribe the establishment of certain funds and accounts to receive revenues and transfers and make payments in accordance with the prescribed sequence.

The Authority is governed by a Board of Directors consisting of eleven members, six appointed by the Mayor of the city of Richmond, with the approval of the City Council, and two each by the Boards of Supervisors of the counties of Chesterfield and Henrico. The eleventh member is appointed from the Commonwealth Transportation Board by the Commonwealth Transportation Commissioner. Each director serves for a term of four years. The Authority has no component units.

Basis of presentation

The Authority administers six enterprise funds: Expressway System, Expressway Parking Deck, Stadium Facility, and Main Street Station are considered major funds. Second Street Parking Facility and Carytown Parking Facilities are combined as other non-major funds.

The Authority also maintains two sub-funds: Repair and Contingency and Central Administration. These sub-funds are incorporated into the six enterprise funds at year-end.

The Repair and Contingency ("R&C") sub-fund is used to account for all Expressway System preservation and capital maintenance expenses, as well as new construction projects. The bond indenture requires that the Authority maintain an R&C sub-fund for the purpose of accumulating funds, as determined by our consulting engineers, sufficient to maintain the assets of the Expressway System. Monthly, after satisfying operating and debt service requirements as specified by the bond indenture, the Authority transfers excess funds from the Expressway System revenue account to the R&C sub-fund. Qualifying expenses are capitalized in accordance with established policy, while the remaining expenses are reflected in the Expressway System fund at the Statement of Revenues, Expenses, and Change in Net Position as “Preservation and capital maintenance”.

The Central Administration sub-fund is used to accumulate and allocate central administration expenses. Monthly, budgeted costs are allocated to the six enterprise funds based on an allocation formula established during the annual budget process. At year-end, budgeted allocations are adjusted to reflect actual expenses for the year, which results in zero change in net position (net income). Any cash remaining in the sub-fund at year-end is reflected in the Expressway System fund.

Measurement focus and basis of accounting
The funds of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting.

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management of the Authority to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosures and contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Assets, liabilities, deferred outflows/inflows of resources, and net position
Cash and cash equivalents – For purposes of the statements of cash flows, only cash on hand and cash balances on deposit and available for immediate withdrawal are considered cash equivalents. Other highly liquid instruments are classified as other short-term investments.

Investments – Investments are shown at fair value based on quoted market prices.

Restricted assets – The Expressway System bond indenture restricts certain assets, and accordingly these funds are reflected on the Statement of Net Position in their current and non-current components. Restricted assets include bond retirement principal and interest accounts, bond reserve funds, and R&C sub-fund accounts. These funds are administered and maintained by the Authority’s Trustee, except for the R&C sub-fund which is administered by the Authority.

Capital assets – Capital assets are stated at cost including, as appropriate, interest and related costs incurred during the construction period. All land and non-depreciable land improvements are capitalized, regardless of cost. Construction in progress consists of costs capitalized in connection with construction of and improvements to facilities, including capitalized interest.

All expenses, including equipment and furnishings, are capitalized if they are related to: 1) the construction or occupancy of a new facility, or 2) a major renovation of an existing facility that enhances the efficiency or functionality of the asset. Any expense in connection with maintaining an existing facility in good working order is expensed. Other expenses incidental to an existing facility are capitalized if the cost is over $10,000.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Snow removal, landscaping services, and certain maintenance of the Expressway System are provided by the Virginia Department of Transportation in exchange for an annual contractual fee.

The Authority has elected to use the "modified approach" to account for certain infrastructure assets, as provided in GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Under the modified approach, the Authority does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets, unless the improvements expand the capacity, technology or efficiency of the asset. Utilization of this approach requires the Authority to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the Authority, 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained, and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. Bridges and roadways maintained by the Authority are accounted for using the modified approach.

Depreciation on the Authority's capital assets is computed using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	40
Parking garages	40
Stadium facility	40
Vehicles and equipment	3 to 8

Deferred outflows/inflows of resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has one item that qualifies for reporting in this category: accounting loss on debt refunding. These amounts are recognized as a component of interest expense over the shorter of the life of the old debt or new debt (see Note 8).

Net position flow assumptions – Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net position policies – Net position is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, contributions, or laws and regulations of other governments, or imposed by law through state statue.

Deficit net position – At June 30, 2013, two of the Authority's funds reflected a deficit in net position. The Expressway Parking Deck reflected a deficit in net position of $25,246,741 which is due primarily to unpaid principal and interest to the City relative to the Series 1990 and 1992 bonds that were issued for construction of the Expressway Parking Facility. Under the terms of the bond indenture, the Authority is not in default of the bonds. See Note 8 for a further discussion. Agreements with the City recognize and provide for any deficits resulting from the lack of revenue to cover operating costs and debt payments. The Second Street Parking Facility reflected a deficit net position of $769,180. The deficit is primarily the result of subordinated debt of $409,500 and $985,675 of accrued interest payable to the City. See additional discussion at Notes 9 and 20. Agreements with the City recognize and provide for any deficits resulting from the lack of revenue to cover operating costs and debt payments.

Revenues and expenses
Operating and nonoperating revenues and expenses – The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operation. The principal operating revenues of the Authority are charges to customers for transportation and parking. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Compensated absences – The Authority's policy permits employees to accumulate earned but unused vacation and sick pay benefits. A liability for compensated absences is accrued when incurred. The current portion of the liability is estimated based on historical leave usage.

Note 2 – Cash and cash equivalents

At June 30, 2013 the carrying amount of deposits with banks was $17,262,688, with $12,121,187 being restricted for repairs and contingency. The bank balance of these deposits at June 30, 2013 was $17,291,995. These amounts exclude petty cash and change funds not held by banks of $115,700. The difference between the carrying and bank totals is primarily due to outstanding checks and deposits in transit.

Bank deposits are insured by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire assets of the collateral pool become available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool.

Note 3 – Investments

As of June 30, 2013 the Authority had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Rating (Moody's, S&P)	% of Portfolio
U.S. Federally Insured Money Market	$ 12,552,667	0.01	Aaa-mf, AAAm	27.0 %
Federal National Mortgage Association	10,812,821	4.01	AAA, AA+	23.2
Federal Farm Credit Bureau	9,923,130	4.59	AAA, AA+	21.3
Federal Home Loan Mortgage Corporation	6,804,402	3.99	AAA, AA+	14.6
Federal Home Loan Bank	3,809,247	4.70	AAA, AA+	8.2
U.S. Treasuries	2,653,587	4.92	AAA, N/A	5.7
Total fair value	$ 46,555,854	3.16		

Funds held by the trustee in the amount of $32,122,281 are restricted because their use is limited by the terms of applicable bond covenants. Of this amount, $8,611,924 is classified as current and $23,510,357 as non-current. Restricted investments are composed of amounts for bond retirement principal and interest accounts ($8,523,429), debt service reserves ($14,570,022), and amounts restricted for repair and contingency ($9,028,830).

Interest rate risk – As a means of limiting exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the investment of funds to investments with a stated maturity of no more than five years from the date of purchase.

Credit risk – The Code of Virginia and other applicable law, the Authority's bond indentures, and the Authority's investment policy adopted by the Board of Directors, limits credit risk by restricting authorized investments to the following: securitized time and certificates of deposit; obligations of and obligations guaranteed by the Commonwealth of Virginia or any of its counties, towns, districts, authorities, or public bodies; obligations of and obligations guaranteed by the United States or certain of its agencies; "prime" quality commercial paper; shares of any investment company the assets of which are invested exclusively in the aforementioned instruments; and certain other instruments of specified quality and rating as dictated by the resolutions. Not all investment types are available to each of the enterprises due to the specifications of the individual bond indentures.

Concentration of credit risk – The Code of Virginia and the Authority's investment policy place no limit on the amount the Authority may invest in any one issuer. However, the policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control the concentration of credit risk.

Note 4 – Receivables

Receivables at June 30, 2013 for the Authority's major and non-major funds are as follows:

Type	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non-Major Funds	Total
Due from other governments	$ 89,288	$ -	$ 150	$ 153,913	$ 600	$ 243,951
Accounts receivables	47,586	3,222	147,575	3,304	150	201,837
Total receivables	$ 136,874	$ 3,222	$ 147,725	$ 157,217	$ 750	$ 445,788

Note 5 – Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	June 30, 2012	Additions	Deletions	June 30, 2013
Capital assets, not being depreciated:				
Land	$ 1,628,981	$ -	$ (447,615)	$ 1,181,366
Expressway System	187,051,962	12,517,067	-	199,569,029
Boulevard Bridge	9,777,483	-	-	9,777,483
Construction in progress	13,973,179	5,401,146	(12,517,067)	6,857,258
Total capital assets, not being depreciated	212,431,605	17,918,213	(12,964,682)	217,385,136
Capital assets, being depreciated:				
Buildings	2,925,621	-	-	2,925,621
Parking garages	18,629,531	-	(1,208,336)	17,421,195
Stadium facility	10,723,373	-	-	10,723,373
Vehicles and equipment	725,793	112,106	-	837,899
Total capital assets, being depreciated	33,004,318	112,106	(1,208,336)	31,908,088
Less accumulated depreciation:				
Buildings	(290,689)	(73,141)	-	(363,830)
Parking garages	(10,218,616)	(465,738)	666,504	(10,017,850)
Stadium facility	(6,664,450)	(359,802)	-	(7,024,252)
Vehicles and equipment	(521,779)	(82,721)	-	(604,500)
Total accumulated depreciation	(17,695,534)	(981,402)	666,504	(18,010,432)
Total capital assets being depreciated, net	15,308,784	(869,296)	(541,832)	13,897,656
Total capital assets, net	$ 227,740,389	$ 17,048,917	$ (13,506,514)	$ 231,282,792

Depreciation expense for the year ended June 30, 2013 was $981,402. The Authority has elected to use the “modified approach” to account for certain Expressway System infrastructure assets. Consequently, these assets are not depreciated (see Note 1, Capital Assets).

Construction in progress additions of $5,401,146 includes $795,867 of capitalized interest.

Note 6 – Payables and accrued liabilities

Payables and accrued liabilities at June 30, 2013 for the Authority's major and non-major funds are as follows:

Type	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non-Major Funds	Total
Current:						
Due to other governments	$ 226,759	$ 915	$ 6,371	$ 3,691	$ 32,808	$ 270,544
Salaries and benefits	231,641	10,801	-	4,438	2,052	248,932
Compensated absences	529,627	6,792	-	1,627	-	538,046
Accounts payable	2,170,313	23,842	32,412	66,273	13,261	2,306,101
Total current	$ 3,158,340	$ 42,350	$ 38,783	$ 76,029	$ 48,121	$ 3,363,623
Noncurrent:						
Compensated absences	$ 91,529	$ 18,758	$ -	$ -	$ -	$ 110,287

Note 7 – Long-term liabilities

Issue	June 30, 2012	Additions	Reductions	June 30, 2013	Due within One Year
Expressway System:					
1992 Series	$ 2,210,000	$ -	$ (1,060,000)	$ 1,150,000	$ 1,150,000
1998 Series	35,920,000	-	(2,890,000)	33,030,000	2,575,000
2002 Series	23,975,000	-	-	23,975,000	-
2011 Series A, B, C	77,490,000	-	-	77,490,000	-
2011 Series D	43,875,000	-	-	43,875,000	-
Issuance premiums	4,405,953	-	(277,051)	4,128,902	281,927
Total Expressway System	187,875,953	-	(4,227,051)	183,648,902	4,006,927
Expressway Parking Deck:					
1990 Series	16,500,000	-	-	16,500,000	5,670,000
1992 Series	2,375,000	-	-	2,375,000	2,375,000
Issuance discount	(13,352)	-	1,669	(11,683)	(1,669)
Total Expressway Parking Deck	18,861,648	-	1,669	18,863,317	8,043,331
Second Street Parking Facility:					
1974 Series	325,000	-	(105,000)	220,000	220,000
Subordinated note payable	409,500	-	-	409,500	-
Total Second Street Parking Facility	734,500	-	(105,000)	629,500	220,000
Total bonds & notes payable	$ 207,472,101	$ -	$ (4,330,382)	$ 203,141,719	$12,270,258
Accrued interest:					
Expressway System	$ 4,603,380	$ 4,179,333	$ (4,603,380)	$ 4,179,333	$ 4,179,333
Expressway Parking Deck	14,532,323	1,278,562	(781,388)	15,029,497	803,609
Other Non-Major Funds	969,831	32,194	(9,750)	992,275	6,600
Total accrued interest	$ 20,105,534	$ 5,490,089	$ (5,394,518)	$ 20,201,105	$ 4,989,542
Compensated absences	$ 651,357	$ 551,156	$ (554,180)	$ 648,333	$ 538,046
Total long-term liabilities	$ 228,228,992	$ 6,041,245	$(10,279,080)	$ 223,991,157	$17,797,846

Note 8 – Bonds payable

Expressway System

The Authority has issued the following bonds for the Expressway System:

					As of June 30, 2013		
Series	Sale Date	Original Borrowing	Interest Rate to Maturity	Final Maturity	Outstanding Balance	Unamortized Premium	Deferred Loss on Refunding
1992	May 1992	$157,620,000	3.30-8.50%	2013	$ 1,150,000	$ -	$ -
1998	March 1998	80,705,000	3.65-5.25	2022	33,030,000	456,570	7,564,008
2002	April 2002	28,430,000	3.50-5.25	2022	23,975,000	634,463	1,525,066
2011 A, B, C	Nov. 2011	77,490,000	4.62-4.75	2042	77,490,000	3,037,869	2,625,098
2011 D	Nov. 2011	43,875,000	4.29	2042	43,875,000	-	-
Previously defeased debt		-	-	-	-	-	1,614,556
					$179,520,000	$ 4,128,902	$ 13,328,728

Expressway System – Series 1992 Bonds

Revenue bonds were issued in order to satisfy the outstanding obligations on previously issued bonds, fund the third phase of the Expressway System Improvement Project, and fund the purchase and construction of certain of facilities and equipment.

Certain of the 1992 bonds were advance refunded or defeased in 1996, 1998, 1999, 2000, and 2002. The Authority had the option to redeem certain of the bonds at any time beginning in July 2002. During fiscal year 2003, the Authority redeemed all of the outstanding 1992 bonds that had been advance refunded or defeased. The 1992 bonds which have not been redeemed are subject to mandatory redemption at par plus accrued interest through the final maturity date in July 2013.

Expressway System – Series 1998 Bonds

Revenue bonds were issued in order to refund $76,725,000 of Series 1992 bonds. Certain of the 1998 bonds are subject to mandatory redemption at par plus accrued interest beginning in July 2013 continuing through the final maturity date in July 2022.

Expressway System – Series 2002 Bonds

Revenue bonds were issued to refund a portion of Series 1992 bonds. The Series 2002 bonds may not be redeemed until maturity.

Expressway System – Series 2011-A, B, & C Bonds

Revenue bonds were issued to refund a portion of Series 1998 and Series 2002 bonds; fully refund Series 1999, Series 2000, Series 2005, Series 2006, and Series 2008 bonds; and fund construction of $22,300,000, including the Downtown Expressway Open Road Tolling and Toll System Replacement Projects.

Expressway System – Series 2011-D Bonds
Revenue bonds were issued and combined with other resources to pay off $22,772,022 of subordinate notes and $39,352,570 of accrued interest to the City. The subordinate notes were originally issued for amounts paid into the Reserve Fund by the City between 1975 and 1991.

Expressway System – Defeased Bonds
At June 30, 2013, outstanding bonds in the amount of $48,711,000 are considered defeased. Investments and cash are held in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liabilities for defeased bonds are not included in the accompanying financial statements.

Expressway System – Escrow Asset
The escrow receivable was established to reflect amounts held in escrow by the trustee, created by funds transferred from the Expressway System revenue account for the early retirement of defeased bonds, as required by the 1992 bond resolution. The Authority has directed the trustee, to the extent possible, to purchase Series 1998 bonds in the open market from these funds. During the fiscal year, approximately $527,000 was paid, reducing Series 1998 principal by $440,000. As a result of the Series 2011 refunding, no additional transfers to escrow will occur.

Expressway System – Arbitrage
At June 30, 2013 only the Expressway System series bonds are subject to federal arbitrage regulations. To ensure compliance with the IRS regulations regarding arbitrage rebates, all Expressway System bond issues are reviewed annually by the firm of Bingham Arbitrage Rebate Services, Inc. At June 30, 2013, none of the bond series are accruing an arbitrage rebate liability.

Debt service requirements on the Expressway System bonds are scheduled as follows:

Year ending June 30,	Principal	Interest
2014	$ 3,725,000	$ 9,002,077
2015	3,960,000	8,781,658
2016	4,170,000	8,568,246
2017	4,390,000	8,343,546
2018	4,615,000	8,107,164
2019-2023	37,295,000	35,155,359
2023-2028	22,095,000	27,568,521
2029-2033	28,000,000	21,511,801
2034-2038	35,680,000	13,623,593
2039-2042	35,590,000	3,693,985
	$ 179,520,000	$ 144,355,950

Expressway Parking Deck

The Authority has issued the following bonds for the Expressway Parking Deck:

					As of June 30, 2013	
Series	Sale Date	Original Borrowing	Interest Rate to Maturity	Final Maturity	Outstanding Balance	Unamortized Discount
1990	Nov. 1990	$ 16,500,000	6.35-7.00 %	2020	$ 16,500,000	$ 11,683
1992	Nov. 1992	2,500,000	4.50-6.40	2013	2,375,000	-
					$ 18,875,000	$ 11,683

Expressway Parking Deck – Series 1990 Bonds
Revenue bonds were issued to the City for the construction of the Expressway Parking Deck. The bonds are subject to optional redemption at 100% to 102% of face value.

Expressway Parking Deck – Series 1992 Bonds
Revenue bonds were issued to the City for the construction of the Expressway Parking Deck.

The revenue derived from the operation, ownership, and management of the Expressway Parking Deck is pledged to the payment of the Series 1990 and Series 1992 bonds.

The scheduled principal and interest payments on the 1990 and 1992 bonds of the Expressway Parking Deck were not made in full for fiscal years 1995 through 2013 due to insufficient cash flows. As a result of fiscal year 2012 operations, the Authority made a partial interest payment to the City in fiscal year 2013 of $781,388. As a result of fiscal year 2013 operations, a payment of $803,609 will be made in fiscal year 2014. Annual interest payments to the City are applied to the outstanding balance of the 1990 bonds first, followed by the 1992 debt. Under the terms of a bond resolution, dated November 20, 1990, a default on the 1990 and 1992 bonds has not occurred. The “unpaid in prior years” below totals reflect the accumulative sum of unpaid principal and interest amounts as noted on the respective 1990 and 1992 bond amortization schedules.

Debt service requirements on the Expressway Parking Deck bonds are scheduled as follows:

Year ending June 30,	Principal	Interest
Unpaid in prior years	$ 8,045,000	$ 15,029,497
2014	1,090,000	758,100
2015	1,200,000	681,800
2016	1,355,000	597,800
2017	1,535,000	502,950
2018	1,715,000	395,500
2019-2020	3,935,000	420,350
	$ 18,875,000	$ 18,385,997

Second Street Parking Facility

The Authority has issued the following bonds for the Second Street Parking Facility:

Series	Sale Date	Original Borrowing	Interest Rate to Maturity	Final Maturity	Outstanding Balance as of June 30, 2013
1974	July 1974	$ 1,800,000	6.00 %	2014	$ 220,000

Second Street Parking Facility – Series 1974 Bonds
Revenue bonds were issued for the construction of the Second Street Parking Facility. The revenue derived from the operation, ownership, and management of the Second Street Parking Facility is pledged to the payment of the revenue bonds.

On August 31, 2001, the bond agreement was modified to defer the payment of principal during fiscal years 2003 through 2006 to a future period.

In June 2013, the Authority received $220,000 from the City for early retirement of the outstanding balance due to bondholders. See Note 10 and Note 20 for additional information.

Scheduled debt service on the Second Street Parking Facility bonds is as follows:

Year Ending	Principal	Interest
June 30, 2014	$ 105,000	$ 10,050
June 20, 2015	115,000	3,450
	$ 220,000	$ 13,500

<u>Note 9 – Subordinate notes payable</u>

Second Street Parking Facility – A subordinated note in the amount of $409,500 was issued to the City in December 1974 relative to the conveyance of land for the construction of the Second Street Parking Facility. This note bears interest at 6.25% per annum and is due in December 2014. Neither the principal nor the interest on this note may be repaid until the revenue bonds have been retired (see Note 8). Accordingly, no interest payments have been made on the note. The Authority has recorded accrued interest related to this note of $985,675 at June 30, 2013. See Note 20 for additional information.

<u>Note 10 – Transactions with the City and localities</u>

Stadium Facility – Under the terms of a Moral Obligation Agreement with the City and the counties of Chesterfield and Henrico, the Authority submits information to each of the localities annually showing the estimated difference between net revenues available to the Authority from the Stadium Facility and the operating cost and reserve fund requirements with respect to the Stadium. Based on this information and the Authority's request for funds to meet reserve requirements and other Stadium Facility needs, the localities may, but are not legally bound to, appropriate money to the Authority for such purposes. For fiscal year 2013, the Authority did not receive payments from the localities for support for the Stadium Facility. In addition, pursuant to the Moral Obligation Agreement, the City may appropriate to the Authority the estimated total taxes payable with respect to admission tickets sold for events held the previous calendar year at the Stadium Facility. The Authority received $121,000 from the City for admissions tax revenue in fiscal year 2013. There is no outstanding bonded indebtedness on the facility.

Main Street Station – In June 2003, the City completed the renovation of Main Street Station. The Authority was requested by the City to provide management services for both the station and parking facilities. The City agreed to pay all operating expenses in excess of revenues associated with the Authority's management of the facility under an annual contract. The Authority is not responsible for any facility debt, and the facility remains property of the City. The City's Economic & Community Development Department leases office space at the facility. See Note 14 for additional information.

Second Street Parking Facility – Operations at the parking facility provide sufficient cash flow to cover operating expenses and interest on the Series 1974 bonds, but do not provide sufficient revenues to pay the principal amount due. In prior years, the City has authorized the transfer of funds from the Expressway Parking Deck to provide funds for the July 1 principal payment. In fiscal year 2013, the City sent the Authority $220,000 for early retirement of the outstanding balance due to bondholders. See Note 20 for additional information.

Carytown Parking Facilities – In 1991, the Authority signed two separate agreements with the City for the rental and operation of the two Carytown Parking Facilities. Under the terms of the agreements, the Authority agreed to operate and manage the Carytown Parking Facilities, and the City agreed to provide the Authority with funds sufficient to carry out all responsibilities as defined in the two agreements. Annually, the Authority submits to the City estimates of costs to be incurred to operate and manage the facilities. The City pays the Authority one-fourth of the estimated amount for operations quarterly. The City provided support of $63,425 for operations during fiscal year 2013, which is reported as operating revenue in the Statement of Revenue, Expenses, and Changes in Fund Net Position. In June 2013, Carytown parking facilities were transferred to the City. Remaining fund assets from operation, less estimated future administrative expenses to close the fund, are shown as payable to the City at June 30, 2013.

Note 11 – Defined benefit pension plan

Plan description

The Authority participates in the Virginia Retirement System ("VRS"), a mixed agent and cost-sharing, multiple-employer defined benefit pension plan. All full-time, salaried permanent employees of the Authority participate in the plan. Benefits vest after five years of service credit. Members can earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

Plan 1: Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.

Plan 2: Members hired or rehired on or after July 1, 2010, and Plan 1 members who were not vested on January 1, 2013, are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment ("PLOP") or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment ("COLA") effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org or by writing to VRS's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Funding policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward retirement. This contribution is paid by the employees. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended June 30, 2013 was 7.24% of the annual covered payroll.

Annual pension cost

For the fiscal year ended June 30, 2013, the Authority's annual pension cost ("APC") of $325,294 for VRS was equal to the required and actual contributions. Three year trend information for the Authority's APC, percentage of APC contributed, and net pension obligation is as follows:

Fiscal Year Ended June 30,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2013	$ 325,294	100 %	-
2012	390,161	100	-
2011	389,999	100	-

Funded status and funding progress

As of June 30, 2012, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability ("AAL")	$ 14,849,709
Actuarial value of plan assets	12,993,881
Unfunded actuarial liability ("UAAL")	$ 1,855,828
Funded ratio (actuarial value of plan assets /AAL)	87.5%
Covered payroll (annual payroll of active employees covered by the plan)	$ 4,358,644
UAAL as a percentage of covered payroll	42.6%

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the AAL for benefits.

Actuarial methods and assumptions

The Annual Required Contribution ("ARC") for the plan was determined as part of the June 30, 2012 actuarial valuation using the following methods and assumptions:

Actuarial cost method	entry age
Amortization method	level percent of pay, open
Remaining amortization period	29 years
Asset valuation method	5-year smoothed market value
Investment return *	7.00%
Projected salary increases *	3.75-5.60%
Cost of living adjustments	2.50%
*Includes inflation at	2.50%

Note 12 – Other postemployment benefits

Plan description

The Authority provides other postemployment health care benefits (“OPEB”) for retired employees through a single-employer defined benefit plan (“Plan”). The benefit levels, employee contributions and employer contributions are governed by the Authority and can be amended by the Authority with approval of the Authority’s Board.

The Authority participates in the Virginia Pooled OPEB Trust Fund (“Trust Fund”), an agent multiple-employer plan that operates an irrevocable trust established for the purpose of accumulating assets to fund postemployment health care benefits. The Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with terms of the plan. The Trust Fund issues a separate Comprehensive Annual Financial Report, which can be obtained by requesting a copy from the Plan Administrator, Virginia Municipal League, at P.O. Box 12164, Richmond, Virginia 23241.

On July 1, 2007 the Authority amended its retiree medical benefit plan to include three tiers. The employee’s hire date determines which tier governs future benefits. To participate in one of the three plans, an employee must:

1. Be 60 years old at the time of retirement
2. Be eligible for VRS Retirement
3. Have a least 10 years of full-time service (25 years of full-time service for employees hired July 1, 2007, or after)
4. Be retired in good standing from the Authority

Spouses are eligible for all three tiers, provided they were enrolled in the Authority’s medical plan for at least two years prior to the date of retirement. With the exception of the third tier, retirees are responsible for 100 percent of monthly premium relative to their spouses. For fiscal year 2013, the combined premium expense for the three tiers totaled approximately $108,648.

The first tier is applicable to employees with at least 25 years of service and who were promoted or hired to a full-time position on or after July 1, 2007. Eligible retirees who participate in the Authority’s health plan will receive a monthly contribution credit of $6 for each year of full-time service. As of June 30, 2013, no employees qualify for this tier.

The second tier plan is applicable to those employees who were hired or promoted to a full-time position between the dates of July 1, 1998 and June 30, 2007. This plan provides a monthly contribution credit equaled to a percentage of the monthly premium. The contribution percentage is based on the following graduated years of service scale:

Years of Service	**Contribution Percentage**
0 to 10	0%
10 to 15	25
15 to 20	50
20 to 25	75
25 and over	100

As of June 30, 2013, 6 employees qualify for this tier.

The third tier retiree medical benefit plan is reserved for employees hired prior to July 1, 1998. The Authority will pay 100 percent of the employee's and fifty percent of the spouse's monthly premium, less a $15 per month retiree contribution. Upon the death of the retiree, the surviving spouse may continue coverage at full cost. As of June 30, 2013, 6 employees qualify for this tier.

Eligible retirees who are age 65 or over must enroll in Medicare Part B coverage and can participate only in the Authority's health insurance plans that coordinate with Medicare benefits.

At June 30, 2013, membership consisted of:

Retirees and beneficiaries	26
Active employees	108
Total participants	134

Funding policy

The Authority contributes amounts to the Virginia Pooled OPEB Trust Fund sufficient to fully fund the Annual Required Contribution ("ARC"), an actuarially determined contribution amount in accordance with the parameters of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

Annual OPEB cost and net OPEB obligation

The most recent triennial actuarial study was prepared as of January 1, 2011. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability ("UAAL") at $2,481,500 and an ARC of $437,900. The postemployment healthcare cost was determined under the Projected Unit Credit Actuarial Cost Method. The calculation was based on a 7.0 percent discount rate and the amortization of the UAAL over 12 years. This represents a level of funding that if paid on an ongoing basis is projected to cover normal cost each year and the amortization of the UAAL over 12 years. The current ARC of $467,800 is 10.7 percent of the $4,358,644 annual covered payroll. The following table presents the OPEB cost for the year, the amount contributed, and changes in the OPEB Plan for the year ended June 30, 2013.

Annual required contribution ("ARC")	$ 467,800
Employer contributions	(304,000)
Employee contributions (premiums)	(163,800)
Change in net OPEB obligation	-
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	-

Three year trend information for the Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage of ARC Contributed	Net OEPB Liability (Assets)
2013	$ 467,800	100 %	-
2012	437,900	100	-
2011	355,342	100	-

Funded status and funding progress
As of January 1, 2011, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability ("AAL")	$ 3,143,200
Actuarial value of plan assets	661,700
Unfunded actuarial liability ("UAAL")	$ 2,481,500
Funded ratio (actuarial value of plan assets /AAL)	21.1%
Covered payroll (annual payroll of active employees covered by the plan)	$ 4,241,081
UAAL as a percentage of covered payroll	58.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits. An actuarial valuation is required at least triennially for plans with fewer than 200 participants.

Actuarial methods and assumptions
The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included

techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The ARC for the plan was determined as part of the January 1, 2011 actuarial valuation using the following methods and assumptions:

Actuarial cost method	projected unit credit
Amortization method	level percent of payroll, closed
Remaining amortization period	10 years
Asset valuation method	market value
Investment return	7.00%
Healthcare cost trend rate	6.40%
Projected salary increases	2.50%

Note 13 – Risk management

The Authority, through the operation of the Expressway System, parking facilities, Stadium Facility, and Main Street Station, is exposed to the risk of loss due to the wide range of services provided by its employees. Auto fleet coverage, general liability, property damage, building and contents, bridge, inland marine, boiler and machinery, dishonesty bond (crime), and workers' compensation are obtained through membership in the Virginia Municipal League. Public officials' and employees' legal liability coverage is also obtained through membership in the Virginia Municipal League. Members are liable for any and all unpaid claims in the event the association is in a deficit position. No settlements have exceeded coverage limits during the three years ended June 30, 2013.

Note 14 – Leases

Stadium Facility – The Diamond baseball stadium is owned by the Authority. In fiscal year 2010, the Authority entered a lease agreement with the Flying Squirrels double-A minor league team for the 2010 and 2011 seasons, with the option for three one-year renewals. This lease was renewed in fiscal year 2013 for the 2014 season, the final option year. The Flying Squirrels are responsible for concession sales, skybox leasing and rental, playing field maintenance, cleaning, certain equipment maintenance, and utility cost. The team also operates parking for games, with net parking revenues split evenly with the Authority. The Authority supplies certain equipment maintenance and maintains the structure in good repair. The Authority also retains use of one skybox. Rental payments are reflected in the enclosed financial statements.

Main Street Station – Approximately 12,203 square feet of office space in the Main Street Station is available for occupancy by a tenant. Starting May 2010, the City's Economic and Community Development Department began leasing available office space at a monthly rate of $8,750. Rental payments are paid directly to the Authority and are reflected in the enclosed financial statements.

Office Space Rental – The Authority leases its administrative offices under an operating lease agreement expiring in June 2015. Future minimum lease payments are approximately $151,000 for fiscal year 2014 and $156,000 for fiscal year 2015.

Office Equipment Rental – The Authority leases certain office equipment under an operating lease agreement expiring in September 2013. Future minimum lease payments are approximately $1,469 for fiscal year 2014.

Rent expense on all leases amounted to approximately $152,893 in fiscal year 2013.

Note 15 – Contingencies

In the normal course of operations, the Authority may have commitments, contingent liabilities, lawsuits, and claims, primarily related to the Expressway System. Management of the Authority does not expect that any amount it may have to pay in connection with any of these matters would have a material adverse effect on the combined financial position of the Authority or any of the individual enterprise funds.

Note 16 – Commitments

The Authority has active construction projects and various open purchase orders at times during the fiscal year. As of June 30, 2013, the Authority's commitments to contractors are:

Project	Fund	Spent to Date	Remaining Commitment
Toll System Replacement	Expressway	$ 3,708,596	$ 1,593,480
Powhite Bridge Overlay	Expressway	3,190,108	36,785
Protective Coatings	Expressway	218,250	4,081,750
Maintenance & Repair	Expressway	139,727	943,971
		$ 7,256,681	$ 6,655,986

As of June 30, 2013, the Authority had open purchase orders totaling $48,055, all within the Expressway System fund.

Note 17 – Segment information for enterprise funds

All Authority operations are considered separate enterprise funds, which are intended to be supported through user fees charged for service to the public and assessments charged to the City and certain localities. The Second Street Parking Facility and the Carytown Parking Facilities are reported combined as non-major funds. Segment information is provided for the Second Street Parking Facility since revenues are pledged for payment of debt:

Richmond Metropolitan Authority
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2013

Condensed statement of net position

	Second Street Facility
Assets:	
Current assets	$ 297,910
Capital assets	561,875
Total assets	$ 859,785
Liabilities and net position:	
Current liabilities	233,790
Noncurrent liabilities	1,395,175
Net position:	
Net investment in capital assets	(67,625)
Restricted	244,921
Unrestricted	(946,476)
Total liabilities and net position	$ 859,785

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

Operating revenues	$ 137,300
Depreciation	(42,247)
Other operating expenses	(94,955)
Operating income (loss)	98
Nonoperating revenue (expenses):	
Net investment earnings	49
Interest expense	(38,794)
Support from localities	220,000
Change in net position	181,353
Beginning net position (deficit)	(950,533)
Ending net position	$ (769,180)

Condensed statement of cash flows

Net cash provided by:	
Operating activities	$ 42,035
Non-capital financing activities	220,000
Capital & financing activities	(121,350)
Investing activities	(86,123)
Net increase (decrease)	54,562
Beginning cash and cash equivalents	16,081
Ending cash and cash equivalents	$ 70,643

Note 18 – Change in presentation due to GASB adoption

The Authority has implemented GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB 65, *Items Previously Reported as Assets and Liabilities*. GASB 63 improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on net position. GASB 65 clarifies and identifies items to report as deferred outflows of resources and deferred inflows of resources. As described in Note 19, the implementation of GASB 65 also results in a restatement of beginning net position.

Under GASB 65, deferred losses on refundings, which were previously netted against bonds and notes payables, are shown on the face of the balance sheet as a deferred outflow. Accordingly, the Authority's balance sheet shows an increase in bonds and notes payables and an increase in deferred outflows.

The Statement of Net Position change in presentation is as follows:

	June 30, 2012 Deferred Loss on Refunding	Fiscal Year 2013 Amortization	June 30, 2013 Deferred Outflow
Expressway System	$14,888,232	($1,559,504)	$13,328,728

Note 19 – Restatement of beginning net position

The Authority has restated beginning net position for the Expressway System fund due to a change in accounting principal from the implementation of GASB 65. Under GASB 65, deferred financing costs, which were previously amortized over the life of the debt, are recognized as an expense in the period incurred. Accordingly, the restatement below reduces beginning net position by eliminating previously unamortized deferred financing costs.

The Statement of Net Position adjustment is as follows:

Expressway System	Balance June 30, 2012 Previously Reported	Restatement	June 30, 2012 As Restated
Deferred financing cost	$2,676,206	($2,676,206)	-

Fiscal year 2012 net position beginning balance adjustment is as follows:

	Expressway System	Total Business Type Activities, Net Position
Net position, June 30, 2012 as previously reported	$ 96,936,513	$ 77,758,665
Deferred financing cost adjustment	(2,676,206)	(2,676,206)
Net position, June 30, 2012 as restated	$ 94,260,307	$ 75,082,459

Note 20 – Subsequent event

Second Street Parking Facility – A subordinated note in the amount of $409,500, bearing interest at 6.25% per annum, was issued to the City in December 1974 relative to the conveyance of land for the construction of the Second Street Parking Facility. The original agreements between the Authority and the City call for ownership of the parking facility to revert to the City once all associated debt is paid in full. In June 2013, the City agreed to send the Authority $220,000 for early retirement of the outstanding balance due to bondholders and waive the subordinate note and associated accrued interest, contingent upon the transfer of the parking facility from the Authority to the City. Prior to the transfer, the Authority continued to operate the facility. The remaining balance due to bondholders and scheduled interest on the Second Street Series 1974 bonds were paid on July 1, 2013. The facility transfer was finalized on August 30, 2013.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Virginia Retirement System – Defined Benefit Pension Plan

The following information was provided to the Authority by actuaries for the Virginia Retirement System, as part of the June 30, 2012 actuarial valuation, the most recent actuarial valuation date:

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
June 30, 2012	$ 12,993,881	$ 14,849,709	$ 1,855,828	87.5%	$ 4,358,644	42.6%
June 30, 2011	12,897,847	14,321,237	1,423,390	90.1	4,241,081	33.6
June 30, 2010	12,515,879	13,466,879	950,212	92.9	4,335,238	21.9

Other Postemployment Benefits ("OPEB") Plan

The following information was provided to the Authority, as part of the January 1, 2011 actuarial valuation, the most recent actuarial valuation date:

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
January 1, 2011	$ 661,700	$ 3,143,200	$ 2,481,500	21.1 %	$ 4,241,081	58.5%
June 30, 2008	-	2,479,824	2,479,824	-	4,333,333	57.2

Modified Approach for Reporting Infrastructure

General information

As allowed by GASB 34, the Authority has adopted an alternative approach in lieu of recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the Authority expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 50.5 lane miles of roads and 36 bridges (spans in excess of 20 feet) that the Authority is responsible to maintain.

In order to utilize the modified approach, the Authority is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Authority.
- Document that the assets are being preserved approximately at or above the established condition level.

Roads – Condition assessment

The Authority assesses pavement condition on a calendar year basis. The following table reports the percentage of pavement meeting the ratings in Groups 1 – 4. Calendar year 2003 was the first year of pavement inspection utilizing the Pavement Condition Rating System.

	Rating			
Fiscal Year	**Group 1**	**Group 2**	**Group 3**	**Group 4**
2013	57.9%	35.2%	6.9%	0.0%
2012	86.6%	12.4%	1.0%	0.0%
2011	87.6%	12.4%	0.0%	0.0%
2010	86.1%	13.9%	0.0%	0.0%
2009	54.4%	45.6%	0.0%	0.0%

See Note A to the Required Supplementary Information for the basis for the condition measurement, measurement scale, and the Authority's established condition level.

Bridges – Condition assessment

"Structurally deficient" results when a condition of 4 or worse is assessed to at least one of the major structural elements (e.g. the deck, superstructure, or substructure). The following table reports the percentage of bridges whose condition was assessed as "structurally deficient" in the stated year. A complete inspection of the Authority's bridges is accomplished on a biennial basis.

Calendar Year	**Structurally Deficient**
2012	0%
2010	0%
2008	0%
2006	0%
2004	0%

See Note B to the Required Supplementary Information for the basis for the condition measurement, measurement scale, and the Authority's Established Condition Level.

Estimated and actual costs, last five fiscal years

The following table presents the Authority's estimate of spending necessary to preserve and maintain the roads and bridges at, or above, the Established Condition Level and the actual amount spent during the past five fiscal years:

Fiscal Year	Estimated Spending	Actual Spending
2013	$ 5,875,000	$ 5,576,876
2012	7,955,000	4,362,817
2011	5,821,000	2,435,040
2010	6,800,000	3,560,850
2009	3,500,000	8,973,845

The budgeting process utilized by the Authority results in spending in one fiscal year from amounts that were certified by the Authority's consulting engineers, Howard, Needles, Tammen, & Bergendoff ("HNTB"), as necessary in a previous year(s). Therefore, this timing difference does not allow a true comparison of amounts budgeted and spent within a given year. This table and other tables within this narrative demonstrate that the Authority has incurred the necessary expenses to meet its desired condition levels.

See Note C to the Required Supplementary Information for additional discussion.

Note A – Basis for condition assessment, measurement scale, and established condition level

The Authority, upon recommendation by HNTB, has adopted the proposed asphalt specific Washington State Department of Transportation Pavement Condition Rating ("PCR") System as a guide. Since the surface pavement of the Authority's Expressway System is composed entirely of asphalt, HNTB generated a condition rating for defined segments of the Expressway System. A PCR will fall into one of four distinct Treatment Groups with each having corresponding maintenance strategies and potential treatments.

Treatment Groups	Pavement Surface Description	Potential Recommended Maintenance Strategies and Treatments
Group 1 PCR between 75 -100	Excellent Condition to Very Good Condition	No Action to Preventative Maintenance Including: Crack Sealing, Isolated Patches
Group 2 PCR between 50 – 74	Very Good Condition to Good Condition	Preventative Maintenance to Light Rehabilitation Including: Crack Sealing, Shallow Patches, Deep Patches, Scarify and Thin Overlay.
Group 3 PCR between 25 – 49	Good Condition to Fair Condition	Preventative Maintenance to Moderate Rehabilitation Including: Crack Sealing, Shallow Patches, Deep Patches, Thin Overlay, Thick Overlay, Scarify and Overlay, Mill and Overlay.
Group 4 PCR between 0 – 24	Poor Condition	Heavy Rehabilitation to Reconstruction: Mill and Overlay, Total Reconstruction

The Authority's established condition level requires that asphalt pavement be maintained at optimum levels and that no subsection PCR score is less than 40.

Note B - Basis for condition assessment, measurement scale, and established condition level

The Authority utilizes the following scale to monitor the condition of the 36 bridges under its jurisdiction. The scale rates bridges, including the deck, superstructure and substructure, using a 10-point scale:

Rating	Description
9	Excellent (no specific definition).
8	Very good.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound but may have minor section loss, cracking, spalling, or scour.
4	Poor. Advanced section loss, deterioration, spalling, or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back in light service.
0	Failure. Out of service; beyond corrective action

The Authority's Established Condition Level requires that none of the Authority's bridges shall be rated as "structurally deficient."

Note C – Estimated and actual costs, last five fiscal years

- 2013 – Maintenance expenses increased $1.2 million, consistent with routine maintenance requirements.
- 2012 – Maintenance expenses increased $2.0 million, primarily based on construction timing where certain planned costs shifted to future years.
- 2011 – Maintenance expenses decreased $1.1 million, primarily based on construction timing where certain planned costs shifted to future years.
- 2010 – Maintenance expenses decreased $5.4 million, consistent with routine maintenance requirements. Also timing of certain projects was shifted to subsequent years.
- 2009 – Maintenance expenses increased $4.1 million primarily due to the completion of construction activity relative to the ORT lanes on the Powhite Parkway in July and August of 2008. The Authority also initiated three major repair contracts related to signage, maintenance and repair, and coatings.

SUPPLEMENTARY INFORMATION

Richmond Metropolitan Authority
Combining Statement of Net Position
Non-Major Funds
As of June 30, 2013

	Second Street Facility	Carytown Facilities	Total Non-Major Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 70,643	$ 46,841	$ 117,484
Restricted investments held by trustee	226,607	-	226,607
Receivables	660	90	750
Total current assets	297,910	46,931	344,841
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	435,000	-	435,000
Buildings, systems, and equipment	1,689,887	-	1,689,887
Less: Accumulated depreciation	(1,563,012)	-	(1,563,012)
Capital assets, net	561,875	-	561,875
Total noncurrent assets	561,875	-	561,875
Total assets	$ 859,785	$ 46,931	$ 906,716
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 6,485	$ 41,636	$ 48,121
Accrued interest payable	6,600	-	6,600
Unearned revenue	705	-	705
Bonds and notes payable, current	220,000	-	220,000
Total current liabilities	233,790	41,636	275,426
Noncurrent liabilities:			
Bonds and notes payable	409,500	-	409,500
Accrued interest payable	985,675	-	985,675
Total noncurrent liabilities	1,395,175	-	1,395,175
Total liabilities	1,628,965	41,636	1,670,601
NET POSITION (DEFICIT)			
Net investment in capital assets	(67,625)	-	(67,625)
Restricted for repairs and contingency	18,314	-	18,314
Restricted for debt service	226,607	-	226,607
Unrestricted	(946,476)	5,295	(941,181)
Total net position (deficit)	(769,180)	5,295	(763,885)
Total liabilities and net position	$ 859,785	$ 46,931	$ 906,716

Richmond Metropolitan Authority
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Funds
For the Fiscal Year Ended June 30, 2013

	Second Street Facility	Carytown Facilities	Total Non-Major Funds
Operating revenues:			
Parking	$ 136,665	$ 63,425	$ 200,090
Other	635	-	635
Total operating revenues	137,300	63,425	200,725
Operating expenses:			
Salaries and benefits	34,932	48,687	83,619
Operations	52,532	26,850	79,382
Preservation and capital maintenance	7,491	1,241	8,732
Depreciation	42,247	30,208	72,455
Total operating expenses	137,202	106,986	244,188
Operating income (loss)	98	(43,561)	(43,463)
Nonoperating revenues (expenses):			
Investment earnings	49	46	95
Interest expense:			
Bonds	(13,691)	-	(13,691)
Notes	(25,103)	-	(25,103)
Support from localities	220,000	-	220,000
Total nonoperating revenues	181,255	46	181,301
Change in net position before special item	181,353	(43,515)	137,838
Transfer of facilities	-	(1,021,935)	(1,021,935)
Change in net position	181,353	(1,065,450)	(884,097)
Net position (deficit) - beginning	(950,533)	1,070,745	120,212
Net position (deficit) - ending	$ (769,180)	$ 5,295	$ (763,885)

Richmond Metropolitan Authority
Combining Statement of Cash Flows
Non-Major Funds
For the Fiscal Year Ended June 30, 2013

	Second Street Facility	Carytown Facilities	Total Non-Major Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 136,824	$ -	$ 136,824
Receipts from City of Richmond	-	79,310	79,310
Payments to suppliers	(59,718)	(19,373)	(79,091)
Payments to employees	(35,071)	(48,687)	(83,758)
Net cash provided by (used for) operating activities	42,035	11,250	53,285
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from localities	220,000	-	220,000
Net cash provided by (used for) non-capital financing activities	220,000	-	220,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid on revenue bonds and notes	(16,350)	-	(16,350)
Principal paid on revenue bonds and notes	(105,000)	-	(105,000)
Net cash provided by (used for) capital and related financing activities	(121,350)	-	(121,350)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(233,217)	-	(233,217)
Proceeds from sale and maturities of investments	147,044	-	147,044
Interest on investments	50	46	96
Net cash provided by (used for) investing activities	(86,123)	46	(86,077)
Net increase (decrease) in cash and cash equivalents	54,562	11,296	65,858
Cash and cash equivalents - July 1	16,081	35,545	51,626
Cash and cash equivalents - June 30	$ 70,643	$ 46,841	$ 117,484
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	98	(43,561)	(43,463)
Depreciation expense	42,247	30,208	72,455
(Increase) decrease in accounts receivable	25	15,885	15,910
(Decrease) increase in accounts payable and accrued liabilities	166	8,718	8,884
(Decrease) increase in unearned revenue	(501)	-	(501)
Net cash provided (used for) operating activities	42,035	11,250	53,285

STATISTICAL SECTION

Richmond Metropolitan Authority
Statistical Section
For the Fiscal Year Ended June 30, 2013

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the overall financial health of the Richmond Metropolitan Authority (the "Authority"). This information has not been audited by the independent auditor.

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being changed over time.

Table 1	Net Position (Deficit) by Component
Table 2	Net Position (Deficit) by Component by Fund
Table 3	Change in Net Position
Table 4	Expressway System, Change in Net Position
Table 5	Expressway Parking Deck, Change in Net Position
Table 6	Stadium, Change in Net Position
Table 7	Main Street Station, Change in Net Position
Table 8	Second Street Parking Facility, Change in Net Position
Table 9	Carytown Parking Facilities, Change in Net Position
Table 10	Operating Revenues by Fund
Table 11	Operating Expenses by Fund

Revenue Capacity

These schedules contain information to help the reader assess the Authority's significant local operating revenues.

Table 12	Operating Revenues by Source
Table 13	Toll Rates

Richmond Metropolitan Authority
Statistical Section
For the Fiscal Year Ended June 30, 2013

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Table 14	Expressway System, Revenue Bond Coverage
Table 15	Expressway System, Debt per Toll Revenue and Toll Transactions
Table 16	Second Street Parking Facility, Revenue Bond Coverage
Table 17	Expressway Parking Deck, Revenue Bond Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Table 18	Principal Employers, Richmond Metropolitan Area
Table 19	Estimated Population, Richmond Metropolitan Area

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

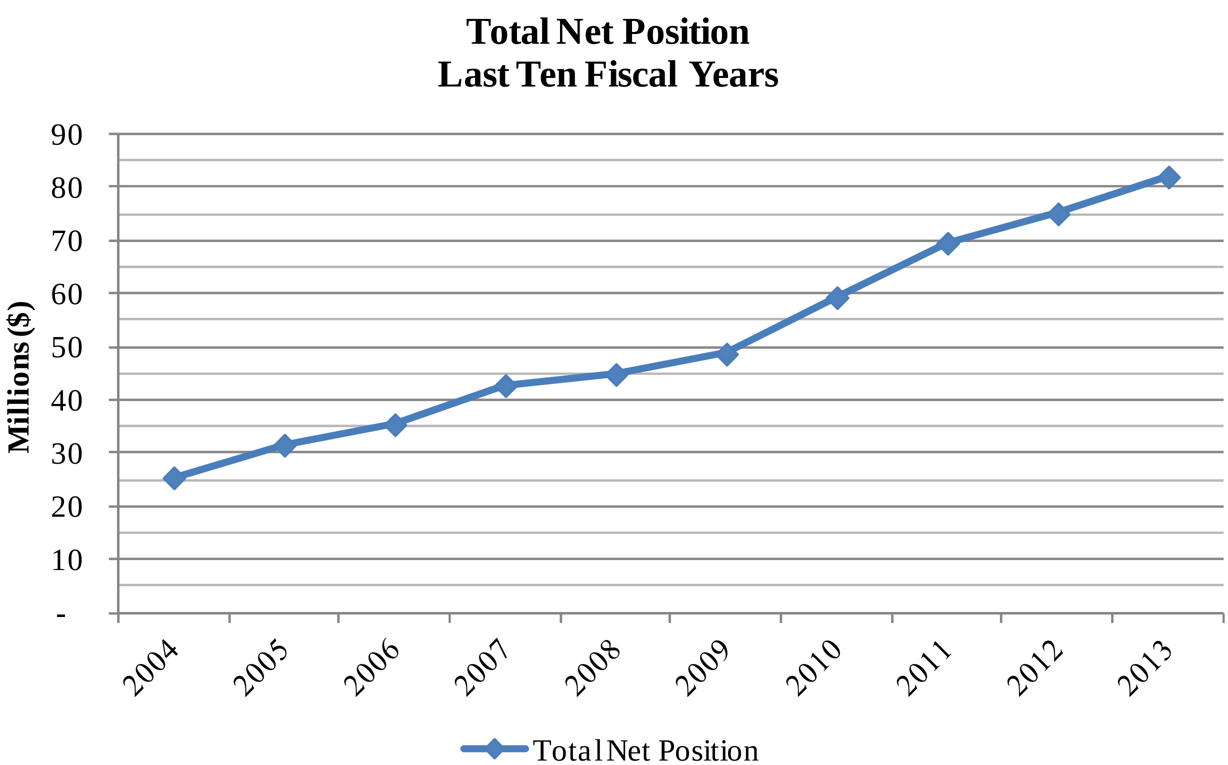
Table 20	Operating and Capital Indicators
Table 21	Employees by Identifiable Activity

Richmond Metropolitan Authority
Statistical Section
For the Fiscal Year Ended June 30, 2013

Table 1 – Net Position (Deficit) by Component
Last Ten Fiscal Years, As Restated

Fiscal Year	Net Investment in Capital Assets	Restricted (1)	Unrestricted	Total Net Position
2004	$ 16,683,617	$ 12,909,099	$ (4,142,692)	$ 25,450,024
2005	25,258,578	17,657,309	(11,331,645)	31,584,242
2006	31,944,663	14,048,201	(10,561,171)	35,431,693
2007	37,002,460	15,976,753	(10,186,159)	42,793,054
2008	44,980,515	9,890,574	(9,985,151)	44,885,938
2009	43,958,577	13,967,331	(9,212,380)	48,713,528
2010	50,278,485	18,224,463	(9,168,140)	59,334,808
2011	58,876,924	22,529,329	(11,848,617)	69,557,636
2012	88,262,025	28,481,179	(41,660,745)	75,082,459
2013	85,344,801	38,700,689	(42,037,780)	82,007,710

(1) Restricted net position includes amounts restricted for debt service, cash and investments in the repair and contingency fund held for capital projects, and required reserves. Balances at year end fluctuate based on timing of projects.



Richmond Metropolitan Authority
Statistical Section
For the Fiscal Year Ended June 30, 2013

Table 2 – Net Position (Deficit) by Component by Fund
Last Ten Fiscal Years, As Restated

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expressway System										
Net investment in capital assets	$17,664,223	$26,791,581	$34,342,000	$39,836,177	$48,144,699	$47,868,001	$54,310,568	$63,641,630	$93,759,354	$92,553,786
Restricted	12,523,419	17,250,964	13,856,981	15,659,148	9,454,748	13,665,129	17,625,439	21,765,287	27,821,271	37,880,382
Unrestricted	3,787,786	(2,981,255)	(1,871,529)	(611,009)	173,275	1,427,221	2,205,574	1,760,711	(27,320,318)	(27,178,061)
Total net position (deficit)	33,975,428	41,061,290	46,327,452	54,884,316	57,772,722	62,960,351	74,141,581	87,167,628	94,260,307	103,256,107
Expressway Parking Deck										
Net investment in capital assets	(7,712,048)	(8,129,108)	(8,546,169)	(9,075,373)	(9,473,945)	(9,870,563)	(10,266,797)	(10,662,163)	(11,057,529)	(11,452,481)
Restricted	63,322	183,394	191,220	262,659	327,361	261,198	431,500	532,000	368,000	333,000
Unrestricted	(7,412,324)	(7,934,621)	(8,424,154)	(8,814,419)	(9,423,686)	(10,026,566)	(10,737,544)	(12,983,133)	(13,596,543)	(14,127,260)
Total net position (deficit)	(15,061,050)	(15,880,335)	(16,779,103)	(17,627,133)	(18,570,270)	(19,635,931)	(20,572,841)	(23,113,296)	(24,286,072)	(25,246,741)
Stadium										
Net investment in capital assets	6,055,074	5,992,191	5,854,885	5,690,102	5,430,664	5,129,497	5,390,527	5,030,725	4,670,923	4,311,121
Restricted	322,358	222,951	-	-	66,898	-	126,372	190,589	144,100	242,386
Unrestricted	(175,667)	(62,149)	(61,482)	(41,069)	-	(25,969)	140,307	134,446	172,989	208,722
Total net position (deficit)	6,201,765	6,152,993	5,793,403	5,649,033	5,497,562	5,103,528	5,657,206	5,355,760	4,988,012	4,762,229
Main Street Station										
Unrestricted	233,816	216,393	157,778	62,180	48,695	166,500	-	-	-	-
Total net position (deficit)	233,816	216,393	157,778	62,180	48,695	166,500	-	-	-	-
Non-major Funds										
Net investment in capital assets (1)	676,368	603,914	531,459	551,554	879,097	831,642	844,187	866,732	889,277	(67,625)
Restricted	-	-	-	54,946	41,567	41,004	41,152	41,453	147,808	244,921
Unrestricted	(576,303)	(570,013)	(599,696)	(781,842)	(783,435)	(753,566)	(776,477)	(760,641)	(916,873)	(941,181)
Total net position (deficit)	100,065	33,901	(68,237)	(175,342)	137,229	119,080	108,862	147,544	120,212	(763,885)

(1) Carytown parking facilities were transferred to the city of Richmond in fiscal year 2013. See Note 10.

Table 3 – Change in Net Position
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating revenues:										
Tolls	$ 25,473,603	$ 24,976,704	$ 25,079,121	$ 25,717,464	$ 25,765,372	$ 33,114,311	$ 34,476,969	$ 35,391,965	$ 36,111,774	$ 36,585,702
Parking	1,517,345	1,628,944	1,688,295	2,040,242	2,158,576	2,093,770	1,941,725	2,262,483	2,313,737	1,566,154
Rentals	501,129	494,107	464,987	447,942	428,427	193,419	96,942	177,705	183,449	514,207
Other	87,410	77,595	110,753	52,630	12,645	13,831	15,504	33,038	19,577	18,188
Total operating revenues	27,579,487	27,177,350	27,343,156	28,258,278	28,365,020	35,415,331	36,531,140	37,865,191	38,628,537	38,684,251
Operating expenses:										
Salaries and benefits	5,029,713	5,231,440	5,456,477	5,690,125	6,150,445	6,838,818	6,874,119	6,921,337	7,234,307	7,504,865
Operations	3,898,965	4,712,004	6,323,328	7,085,436	6,651,552	7,619,090	7,852,053	7,368,484	7,006,658	6,108,233
Preservation and capital maintenance	1,927,000	2,797,000	2,769,000	2,155,535	4,864,531	8,973,845	3,560,850	2,435,040	4,362,817	5,703,506
Depreciation	737,586	737,585	737,585	737,585	737,585	839,421	868,744	976,684	964,974	981,402
Total operating expenses	11,593,264	13,478,029	15,286,390	15,668,681	18,404,113	24,271,174	19,155,766	17,701,545	19,568,756	20,298,006
Operating income	15,986,223	13,699,321	12,056,766	12,589,597	9,960,907	11,144,157	17,375,374	20,163,646	19,059,781	18,386,245
Nonoperating revenues (expenses):										
Investment earnings	(254,125)	1,399,156	880,030	2,632,208	1,984,321	2,342,855	1,139,023	563,070	233,663	(423,520)
Gain on insurance proceeds	-	400,226	-	-	-	-	-	-	-	-
Gain on sale of land	-	-	-	1,846,122	875	-	-	-	-	-
Gain (loss) - disposal of fixed assets	-	-	-	-	(238,700)	-	-	-	-	-
Interest expense:										
Bonds	(9,302,924)	(9,107,476)	(8,407,902)	(8,681,393)	(8,618,759)	(8,794,460)	(8,167,198)	(7,678,700)	(11,016,816)	(11,020,426)
Notes	(1,378,039)	(1,378,039)	(1,283,040)	(1,378,039)	(1,473,038)	(1,378,039)	(1,378,039)	(1,367,350)	(570,392)	(25,103)
Support from localities	1,065,304	1,121,013	601,614	352,862	477,282	513,077	1,004,403	383,026	469,793	1,029,990
Other contributions	-	-	-	-	-	-	647,717	-	-	
Total nonoperating revenues (expenses)	(9,869,784)	(7,565,120)	(8,209,298)	(5,228,240)	(7,868,019)	(7,316,567)	(6,754,094)	(8,099,954)	(10,883,752)	(10,439,059)
Capital contributions	-	-	-	-	-	-	-	-	25,000	-
Transfer of facilities (1)	-	-	-	-	-	-	-	-		(1,021,935)
Change in net position	6,116,439	6,134,201	3,847,468	7,361,357	2,092,888	3,827,590	10,621,280	12,063,692	8,201,029	6,925,251
Net position (deficit) - beginning	19,333,585	25,450,024	31,584,225	35,431,693	42,793,050	44,885,938	48,713,528	59,334,808	69,557,636	75,082,459
Restatement	-	-	-	-	-	-	-	(1,840,864)	(2,676,206)	-
Net position (deficit)- ending	$ 25,450,024	$ 31,584,225	$ 35,431,693	$ 42,793,050	$ 44,885,938	$ 48,713,528	$ 59,334,808	$ 69,557,636	$ 75,082,459	$ 82,007,710

(1) Carytown parking facilities were transferred to the City of Richmond in fiscal year 2013. See Note 10.

Richmond Metropolitan Authority
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Table 4 – Expressway System, Change in Net Position
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenue (Expense)	Change in Net Position
2004	$ 25,555,350	$ 9,404,393	$ 16,150,957	$ (9,605,579)	$ 6,545,378
2005	25,047,668	10,550,361	14,497,307	(7,411,452)	7,085,855
2006	25,185,296	12,325,801	12,859,495	(7,592,926)	5,266,569
2007	25,762,972	12,935,528	12,827,444	(4,270,980)	8,556,464
2008	25,840,518	15,571,300	10,269,218	(7,380,810)	2,888,408
2009	33,190,599	21,283,027	11,907,572	(6,719,943)	5,187,629
2010	34,542,171	16,016,550	18,525,621	(7,344,391)	11,181,230
2011	35,465,389	14,947,006	20,518,383	(7,492,336)	13,026,047
2012	36,161,884	16,580,138	19,581,746	(9,812,861)	9,768,885
2013	36,631,858	17,484,942	19,146,916	(10,151,116)	8,995,800

Table 5 – Expressway Parking Deck, Change in Net Position
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenue (Expense)	Change in Net Position
2004	$ 1,132,892	$ 785,461	$ 347,431	$ (1,210,179)	$ (862,748)
2005	1,215,338	844,932	370,406	(1,189,697)	(819,291)
2006	1,210,795	956,330	254,465	(1,153,227)	(898,762)
2007	1,252,419	840,140	412,279	(1,260,309)	(848,030)
2008	1,258,186	883,469	374,717	(1,317,852)	(943,135)
2009	1,104,723	1,033,594	71,129	(1,136,790)	(1,065,661)
2010	1,132,417	1,022,728	109,689	(1,046,599)	(936,910)
2011	1,298,980	962,565	336,415	(1,036,006)	(699,591)
2012	1,320,113	988,798	331,315	(1,504,091)	(1,172,776)
2013	1,283,788	964,879	318,909	(1,279,578)	(960,669)

Table 6 – Stadium, Change in Net Position
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenue (Expense)	Contributions from Localities	Change in Net Position
2004	$ 686,523	$ 931,628	$ (245,105)	$ (26,110)	$ 565,277	$ 294,062
2005	650,669	1,307,959	(657,290)	2,098	606,418	(48,774)
2006	626,047	1,081,762	(455,715)	12,660	83,467	(359,588)
2007	607,421	859,266	(251,845)	17,581	89,894	(144,370)
2008	604,565	849,237	(244,672)	(1,799)	95,000	(151,471)
2009	265,688	756,416	(490,728)	1,694	95,000	(394,034)
2010	177,762	877,693	(699,931)	648,609	605,000	553,678
2011	291,128	593,186	(302,058)	612	-	(301,446)
2012	286,801	775,812	(489,011)	263	121,000	(367,748)
2013	284,760	631,792	(347,032)	249	121,000	(225,783)

Table 7 – Main Street Station, Change in Net Position
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenue (Expense)	Reimbursement from city of Richmond	Change in Net Position
2004	$ 9,138	$ 275,521	$ (266,383)	$ 172	$ 500,072	$ 233,816
2005	38,461	571,763	(533,302)	1,284	514,595	(17,423)
2006	114,519	696,802	(582,283)	5,521	518,147	(58,615)
2007	451,057	822,412	(371,355)	12,789	262,968	(95,598)
2008	479,717	874,373	(394,656)	(1,113)	382,282	(13,487)
2009	635,085	936,552	(301,467)	1,195	418,077	117,805
2010	456,231	1,022,555	(566,324)	421	399,403	(166,500)
2011	603,600	986,968	(383,368)	342	383,026	-
2012	653,580	1,002,498	(348,918)	125	348,793	-
2013	283,120	972,205	(689,085)	95	688,990	-

Table 8 – Second Street Parking Facility, Change in Net Position
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenue (Expense)	Change in Net Position
2004	$ 145,552	$ 112,547	$ 33,005	$ (90,227)	$ (57,222)
2005	173,418	122,253	51,165	(89,182)	(38,017)
2006	155,370	136,985	18,385	(84,505)	(66,120)
2007	129,458	129,125	333	(84,258)	(83,925)
2008	123,334	137,606	(14,272)	353,434	339,162
2009	148,977	136,257	12,720	23,750	36,470
2010	151,033	123,297	27,736	(16,711)	11,025
2011	140,658	120,376	20,282	44,299	64,581
2012	142,684	129,596	13,088	(12,016)	1,072
2013	137,300	137,202	98	181,255	181,353

Table 9 – Carytown Parking Facilities, Change in Net Position
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenue (Expense) (1)	Change in Net Position
2004	$ 50,032	$ 83,704	$ (33,672)	$ (3,165)	$ (36,837)
2005	51,796	80,761	(28,965)	816	(28,149)
2006	51,129	88,710	(37,581)	1,565	(36,016)
2007	54,951	82,210	(27,259)	4,079	(23,180)
2008	58,700	88,128	(29,428)	2,839	(26,589)
2009	70,259	125,328	(55,069)	450	(54,619)
2010	71,526	92,943	(21,417)	174	(21,243)
2011	65,436	91,444	(26,008)	109	(25,899)
2012	63,475	91,914	(28,439)	35	(28,404)
2013	63,425	106,986	(43,561)	(1,021,889)	(1,065,450)

(1) Carytown parking facilities were transferred to the city of Richmond in fiscal year 2013. See Note 10.

Richmond Metropolitan Authority
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Table 10 – Operating Revenues by Fund
Last Ten Fiscal Years

Fiscal Year	Expressway System	Expressway Parking Deck	Stadium Facility	Main Street Station	Second Street Facility	Carytown Facilities	Total
2004	25,555,350	1,132,892	686,523	9,138	145,552	50,032	27,579,487
2005	25,047,668	1,215,338	650,669	38,461	173,418	51,796	27,177,350
2006	25,185,296	1,210,795	626,047	114,519	155,370	51,129	27,343,156
2007	25,762,972	1,252,419	607,421	451,057	129,458	54,951	28,258,278
2008	25,840,518	1,258,186	604,565	479,717	123,334	58,700	28,365,020
2009	33,190,599	1,104,723	265,688	635,085	148,977	70,259	35,415,331
2010	34,542,171	1,132,417	177,762	456,231	151,033	71,526	36,531,140
2011	35,465,389	1,298,980	291,128	603,600	140,658	65,436	37,865,191
2012	36,161,884	1,320,113	286,801	653,580	142,684	63,475	38,628,537
2013	36,631,858	1,283,788	284,760	283,120	137,300	63,425	38,684,251

Table 11 – Operating Expenses by Fund
Last Ten Fiscal Years

Fiscal Year	Expressway System	Expressway Parking Deck	Stadium Facility	Main Street Station	Second Street Facility	Carytown Facilities	Total
2004	9,404,393	785,461	931,638	275,521	112,547	83,704	11,593,264
2005	10,550,361	844,932	1,307,959	571,763	122,253	80,761	13,478,029
2006	12,325,801	956,330	1,081,762	696,802	136,985	88,710	15,286,390
2007	12,935,528	840,140	859,266	822,412	129,125	82,210	15,668,681
2008	15,571,300	883,469	849,237	874,373	137,606	88,128	18,404,113
2009	21,283,027	1,033,594	756,416	936,552	136,257	125,328	24,271,174
2010	16,016,550	1,022,728	877,693	1,022,555	123,297	92,943	19,155,766
2011	14,947,006	962,565	593,186	986,968	120,376	91,444	17,701,545
2012	16,580,138	988,798	775,812	1,002,498	129,596	91,914	19,568,756
2013	17,484,942	964,879	631,792	972,205	137,202	106,986	20,298,006

Richmond Metropolitan Authority
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For the Fiscal Year Ended June 30, 2013

Table 12 – Operating Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Tolls	Parking	Rentals	Other (1)	Total
2004	$ 25,473,603	$ 1,517,345	$ 501,129	$ 87,410	$ 27,579,487
2005	24,976,704	1,628,944	494,107	77,595	27,177,350
2006	25,079,121	1,688,295	464,987	110,753	27,343,156
2007	25,717,464	2,040,242	447,942	52,630	28,258,278
2008	25,765,372	2,158,576	428,427	12,645	28,365,020
2009 (2)	33,114,311	2,093,770	193,419	13,831	35,415,331
2010 (3)	34,476,969	1,941,725	96,942	15,504	36,531,140
2011	35,391,965	2,262,483	177,705	33,038	37,865,191
2012	36,111,774	2,313,737	183,449	19,577	38,628,537
2013 (4)	36,585,702	1,566,154	514,207	18,188	38,684,251

(1) Advertising fees, late fees, forfeited deposits, and miscellaneous charges.
(2) A toll increase was implemented on September 9, 2008.
(3) Main Street Station tenant vacancy the first ten months of fiscal year 2010 resulted in reduced rental revenue.
(4) Main Street Station parking was transferred to the city of Richmond in July 2012.

Operating Revenues by Source
Last Ten Fiscal Years

Richmond Metropolitan Authority
Statistical Section
For the Fiscal Year Ended June 30, 2013

Table 13 – Toll Rates
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Two-axle vehicles:										
Powhite Parkway	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70
Forest Hill Avenue	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70
Douglasdale Road	0.15	0.15	0.15	0.15	0.15	0.20	0.20	0.20	0.20	0.20
Boulevard Bridge	0.25	0.25	0.25	0.25	0.25	0.35	0.35	0.35	0.35	0.35
Downtown Expressway	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70
Second Street	0.25	0.25	0.25	0.25	0.25	0.35	0.35	0.35	0.35	0.35
Eleventh Street	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.30	0.30	0.30
Three-axle vehicles:										
Powhite Parkway	0.60	0.60	0.60	0.60	0.60	0.80	0.80	0.80	0.80	0.80
Forest Hill Avenue	0.60	0.60	0.60	0.60	0.60	0.80	0.80	0.80	0.80	0.80
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.40	0.40	0.40	0.40	0.40
Boulevard Bridge	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70
Downtown Expressway	0.60	0.60	0.60	0.60	0.60	0.80	0.80	0.80	0.80	0.80
Second Street	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.60	0.60
Four-axle vehicles:										
Powhite Parkway	0.70	0.70	0.70	0.70	0.70	0.90	0.90	0.90	0.90	0.90
Forest Hill Avenue	0.70	0.70	0.70	0.70	0.70	0.90	0.90	0.90	0.90	0.90
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.40	0.40	0.40	0.40	0.40
Boulevard Bridge	-	-	-	-	-	-	-	-	-	-
Downtown Expressway	0.70	0.70	0.70	0.70	0.70	0.90	0.90	0.90	0.90	0.90
Second Street	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.60	0.60
Five-axle vehicles:										
Powhite Parkway	0.80	0.80	0.80	0.80	0.80	1.00	1.00	1.00	1.00	1.00
Forest Hill Avenue	0.80	0.80	0.80	0.80	0.80	1.00	1.00	1.00	1.00	1.00
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.40	0.40	0.40	0.40	0.40
Boulevard Bridge	-	-	-	-	-	-	-	-	-	-
Downtown Expressway	0.80	0.80	0.80	0.80	0.80	1.00	1.00	1.00	1.00	1.00
Second Street	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.60	0.60

Table 14 – Expressway System, Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements Principal (2)	Interest	Total	Coverage
2004	$ 25,555,350	$7,477,397	$ 18,077,953	$ 4,370,400	$ 7,075,145	$ 11,445,545	1.58
2005	25,047,668	7,554,357	17,493,311	4,291,090	6,780,930	11,072,020	1.58
2006	26,495,000	8,337,264	18,157,736	4,958,000	6,869,444	11,827,444	1.54
2007	27,510,653	9,069,133	18,441,520	5,678,000	6,268,291	11,946,291	1.54
2008	27,314,921	9,696,510	17,618,411	5,980,000	6,786,412	12,766,412	1.38
2009	34,409,168	11,866,709	22,542,459	6,810,000	6,860,225	13,670,225	1.65
2010	35,433,491	11,865,436	23,568,055	7,234,000	6,442,811	13,676,811	1.72
2011	36,291,178	12,360,824	23,930,354	7,590,000	6,071,349	13,661,349	1.75
2012	36,819,240	12,077,889	24,741,351	3,510,000	8,392,478	11,902,478	2.08
2013	37,203,037	11,752,204	25,450,833	3,725,000	9,130,096	12,855,096	1.98

(1) Excludes depreciation, unrealized gains/losses, and expenses from the Repair & Contingency Fund, which is funded after debt service requirements have been met.
(2) The Authority has used available funds in the Bond Retirement Account to retire bonds ahead of schedule.

Expressway System Revenue Bond Coverage Ratio
Actual vs. Requirement, Last Ten Fiscal Years

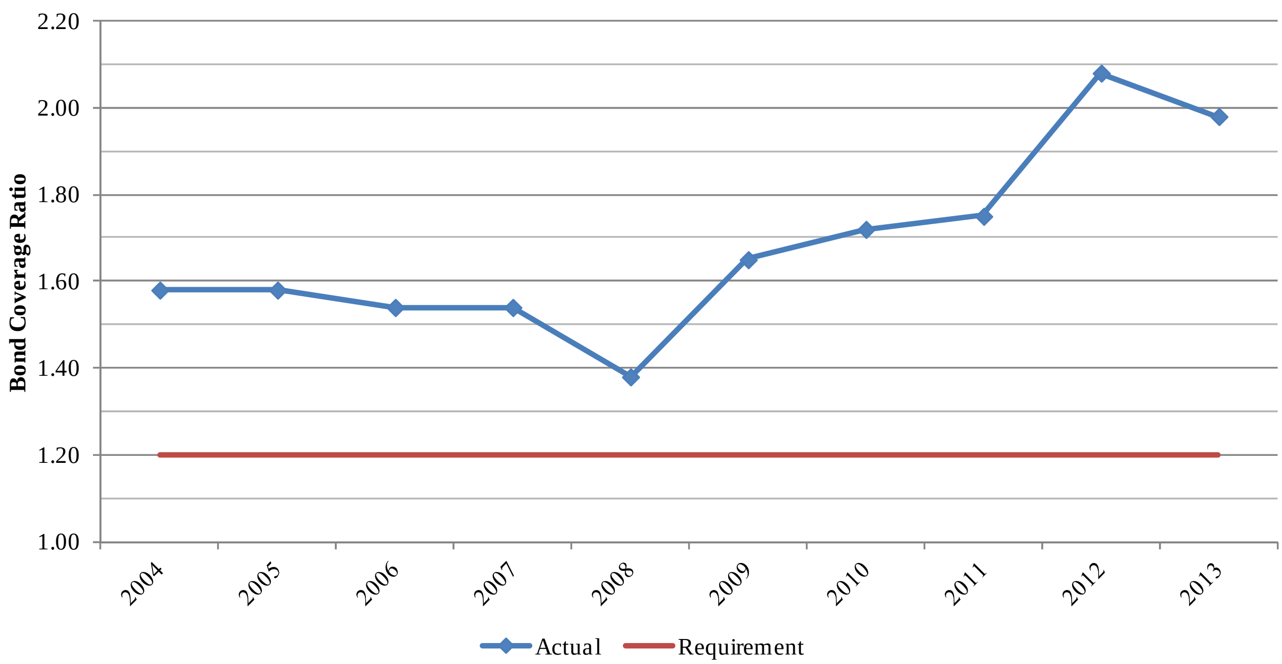

Table 15 – Expressway System, Debt per Toll Revenue and Toll Transactions
Last Ten Fiscal Years

Year	Outstanding Bonds	Outstanding Subordinate Notes and Accrued Interest	Less: Debt Service Reserves	Total Debt, Net of Resources	Debt per Annual Toll Revenue (1)	Debt per Annual Toll Transactions (2)
2004	$ 141,170,000	$ 52,656,838	$ (12,364,539)	$ 181,462,299	7.12	3.08
2005	136,435,000	53,914,692	(11,979,469)	178,370,223	7.14	3.13
2006	142,471,000	55,172,139	(12,926,451)	184,716,688	7.37	3.19
2007	137,513,000	56,302,583	(13,721,089)	180,094,494	7.00	3.03
2008	141,835,000	57,800,028	(13,838,921)	185,796,107	7.21	3.10
2009	135,855,000	59,102,305	(14,352,025)	180,605,280	5.45	3.28
2010	129,045,000	60,333,919	(14,848,238)	174,530,681	5.06	3.23
2011	121,811,000	61,561,294	(14,530,282)	168,842,012	4.77	3.06
2012	183,470,000	-	(14,680,321)	168,789,679	4.67	3.00
2013	179,520,000	-	(14,570,022)	164,949,978	4.51	2.91

(1) Total debt outstanding divided by annual toll revenue. See Table 12 for annual toll revenue.
(2) Total debt outstanding divided by annual toll transactions. See Table 20 for annual toll transactions.

Expressway System, Debt per Annual Toll Revenue and Annual Toll Transactions
Last Ten Years

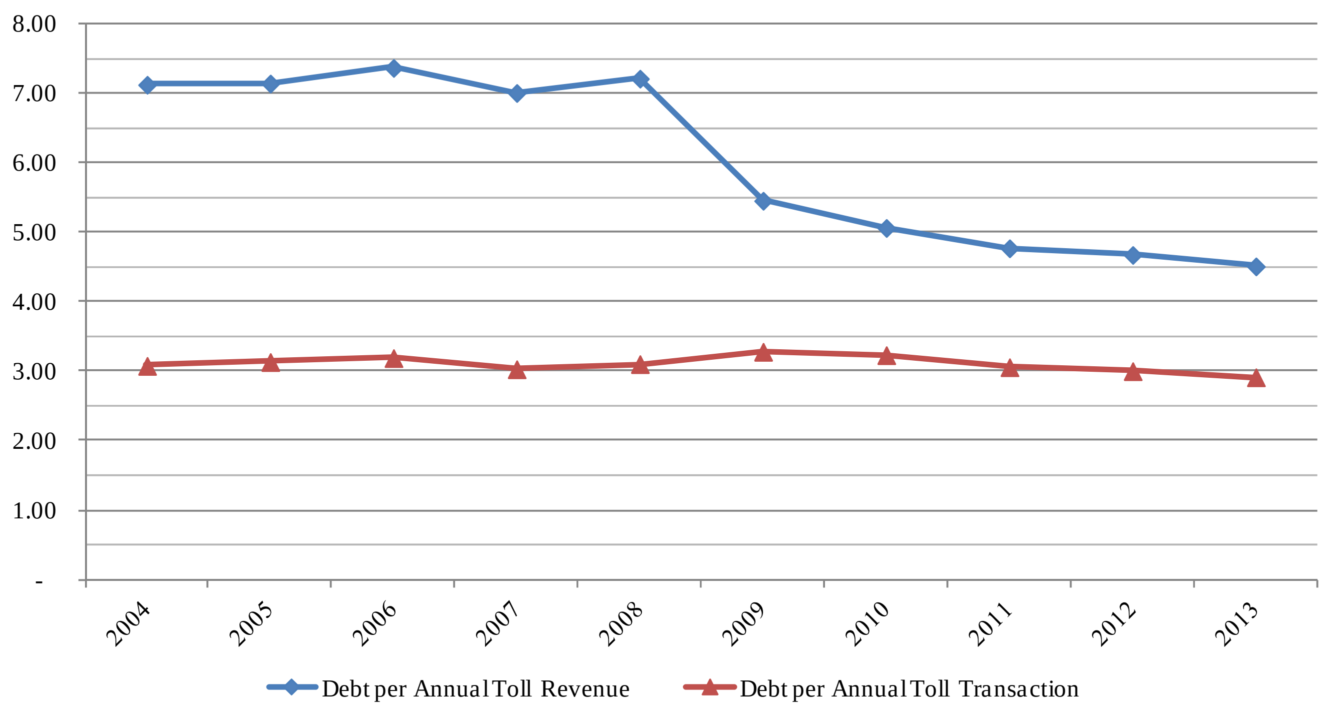

Table 16 – Second Street Parking Facility, Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal (3)	Interest	Total	
2004	$ 145,552	$ 70,299	$ 75,253	$ –	65,100	65,100	1.16
2005	173,418	80,006	93,412	–	65,100	65,100	1.43
2006	155,370	79,649	75,721	–	65,100	65,100	1.16
2007	129,458	86,878	42,580	–	53,100	53,100	0.80
2008	542,334	95,359	446,975	425,000	40,283	465,283	0.96
2009	234,321	94,010	140,311	85,000	36,000	121,000	1.16
2010	190,663	81,050	109,613	95,000	30,900	125,900	0.87
2011	235,658	78,129	157,529	95,000	25,200	120,200	1.31
2012	175,684	87,349	88,335	95,000	22,350	117,350	0.75
2013	357,300	94,955	262,345	105,000	16,350	121,350	2.16

(1) Transfers from the Expressway Parking Deck to the Second Street Parking Facility for principal debt payments by fiscal year: 2008 - $419,000; 2009 - $85,000; 2010 - $39,630; 2011 - $95,000; 2012 - $33,000. In fiscal year 2013, the Authority received $220,000 from the city of Richmond for early retirement of the outstanding balance due to bondholders.
(2) Does not include depreciation.
(3) In August 2001, the bond agreement was modified to defer the payment of principal during fiscal years 2002 through 2006 to fiscal year 2008.

Table 17 – Expressway Parking Deck, Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)
				Principal	Interest	Total	
2004	$ 1,132,892	$ 392,178	$ 740,714	$ 285,000	$ 1,278,853	$ 1,563,853	0.47
2005	1,215,338	451,649	763,689	375,000	1,278,853	1,653,853	0.46
2006	1,231,000	445,970	785,030	430,000	1,278,853	1,708,853	0.46
2007	1,302,092	446,857	855,235	490,000	1,278,853	1,768,853	0.48
2008	1,296,042	909,186	386,856	590,000	1,278,853	1,868,853	0.21
2009	1,111,481	725,311	386,170	660,000	1,278,853	1,938,853	0.20
2010	1,135,368	669,075	466,293	770,000	1,278,853	2,048,853	0.23
2011	1,300,944	664,282	636,662	850,000	1,278,853	2,128,853	0.30
2012	1,320,963	628,515	692,448	975,000	1,278,853	2,253,853	0.31
2013	1,284,441	571,596	712,845	1,075,000	1,278,853	2,353,853	0.30

(1) Does not include depreciation.
(2) The city of Richmond is the sole bondholder. See Note 8 for additional information.

Richmond Metropolitan Authority
Statistical Section
For the Fiscal Year Ended June 30, 2013

Table 18 – Principal Employers, Richmond Metropolitan Area
Current and Nine Years Prior (1)

	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Employer (2):										
Capital One Bank	1	2	3	3	4	4	4	4	2	1
Virginia Commonwealth University	4	4	4	4	3	1	1	1	1	2
Chesterfield County School Board	2	1	1	1	1	2	2	3	4	3
Henrico County School Board	3	3	2	2	2	3	3	2	3	4
HCA Virginia Health System	-	-	-	-	-	-	-	-	-	5
MCV Hospital	8	8	6	5	5	5	5	5	5	6
Wal-Mart	6	5	5	6	6	6	7	8	8	7
U.S. Department of Defense	7	7	8	8	7	8	8	6	7	8
Bon Secours Richmond Health System	-	-	10	9	8	7	6	7	6	9
Richmond City Public Schools	9	9	9	10	10	9	9	9	9	10
County of Henrico	-	-	-	-	-	-	-	-	10	-
City of Richmond	-	-	-	-	-	10	10	10	-	-
Philip Morris USA, Inc.	5	6	7	7	9	-	-	-	-	-
Ukrops	10	10	-	-	-	-	-	-	-	-
Total Richmond Metropolitan Area Employment (3)	571,621	585,981	596,413	610,065	616,145	627,972	598,462	597,705	612,622	622,968

(1) Final quarter data for most recent calendar year (2012-2003).
(2) The Virginia Employment Commission does not disclose the actual number of employees, due to the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All employers have over 1,000 individuals employed.
(3) Total employment data obtained from the Bureau of Labor Statistics. Employment numbers are not seasonally adjusted. Total area employment numbers for 2009-2012 were updated in fiscal year 2013 based on revised employment estimates released by the Bureau of Labor Statistics.

Source: Virginia Employment Commission, Bureau of Labor Statistic

Table 19 – Estimated Population, Richmond Metropolitan Area
Last Ten Years

Year	City of Richmond	Chesterfield County	Henrico County	Total Participating Jurisdictions	Other Service Area	Total Population (1)
2004	195,600	276,800	277,200	749,600	393,900	1,143,500
2005	195,400	284,400	283,800	763,600	400,200	1,163,800
2006	194,500	292,000	287,500	774,000	406,200	1,180,200
2007	197,000	297,400	291,400	785,800	411,800	1,197,600
2008	198,800	302,300	296,100	797,200	417,100	1,214,300
2009	201,300	308,400	300,200	809,900	424,300	1,234,200
2010	198,200	311,600	304,600	814,400	426,900	1,241,300
2011	204,200	316,200	306,900	827,300	430,900	1,258,200
2012	206,200	319,600	310,700	836,500	443,800	1,280,300
2013	208,800	322,400	314,900	846,100	436,400	1,282,500

(1) Fiscal year 2004-2011 data revised in February 2011.

Source: Weldon Cooper Center for Public Service, University of Virginia

Estimated Population, Richmond Metropolitan Area
Last Ten Years

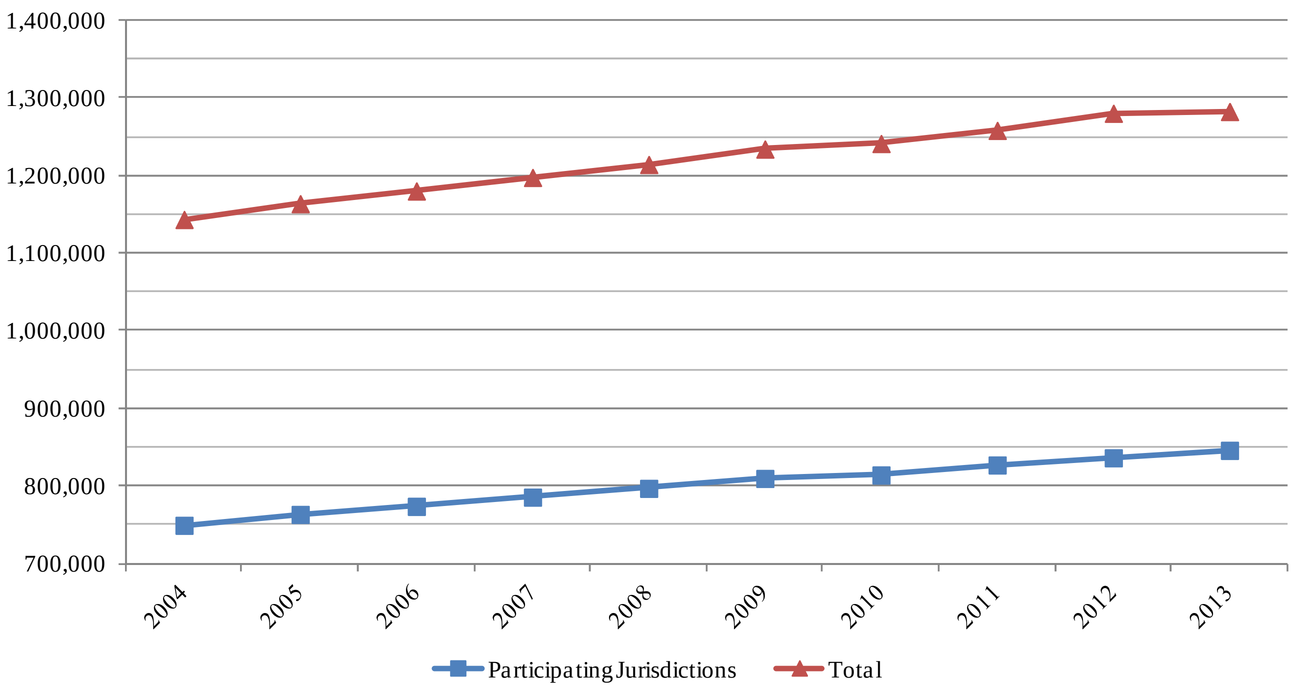

Table 20 – Operating and Capital Indicators
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expressway Traffic:										
Powhite Parkway	35,112,800	32,727,627	33,185,285	33,893,494	33,937,909	31,381,386	31,057,461	31,787,393	32,666,065	32,842,238
Downtown Expressway	18,751,860	19,020,040	19,722,805	20,586,135	20,966,648	18,857,745	18,326,751	18,838,516	19,002,222	19,344,609
Boulevard Bridge	5,102,544	5,166,411	4,997,137	4,995,311	4,964,251	4,800,726	4,619,608	4,575,223	4,562,253	4,426,225
Total	58,967,204	56,914,078	57,905,227	59,474,940	59,868,808	55,039,857	54,003,820	55,201,132	56,230,540	56,613,072
ETC transaction % (1)	40.2%	40.4%	44.0%	47.1%	49.5%	55.5%	58.1%	59.6%	60.6%	62.0%
Lane Miles	45.00	45.00	45.00	46.94	45.91	45.91	49.90	49.90	49.90	50.53
Stadium:										
Attendance (2)	446,882	375,029	402,815	378,228	342,090	-	463,842	447,520	438,002	434,769
Number of seats (3)	12,000	12,000	12,000	12,000	12,000	-	9,560	9,560	9,560	9,560
Parking Spaces:										
Carytown (4)	220	220	220	220	220	220	220	220	220	220
Second Street Facility	350	350	350	350	350	350	350	350	350	350
Expressway Parking Deck	1,000	1,000	1,000	1,000	1,000	1,000	991	991	991	991

(1) Transactions paid via Electronic Toll Collection (“ETC”) as a percentage of total traffic.
(2) Attendance listed by season. No baseball was played in 2009 season due to relocation of previous team.
(3) Seating reconfigured prior to 2010 season.
(4) Carytown parking facilities were transferred to the city of Richmond in fiscal year 2013. See Note 10.

Attendance source: Minor League Baseball, Eastern League Stats

Richmond Metropolitan Authority
Statistical Section
For the Fiscal Year Ended June 30, 2013

Table 21 – Employees by Identifiable Activity
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Summary:										
Full-Time	98	99	101	100	110	110	110	110	110	108
Part-Time	34	36	34	34	32	32	34	33	36	34
Total	132	135	135	134	142	142	144	143	146	142
Expressway System:										
Full-Time	79	79	82	80	89	89	89	89	89	87
Part-Time	28	30	28	27	26	26	27	26	29	28
Total	107	109	110	107	115	115	116	115	118	115
Central Administration:										
Full-Time	17	17	16	16	17	17	17	17	17	17
Part-Time	1	1	1	1	1	1	1	1	1	1
Total	18	18	17	17	18	18	18	18	18	18
Parking:										
Full-Time	2	2	2	2	2	2	2	2	2	2
Part-Time	5	5	5	6	5	5	6	6	6	5
Total	7	7	7	8	7	7	8	8	8	7
Main Street Station										
Full-Time	-	1	1	2	2	2	2	2	2	2
Part-Time	-	-	-	-	-	-	-	-	-	-
Total	-	1	1	2	2	2	2	2	2	2

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Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Richmond Metropolitan Authority
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. the financial statements of the business-type activities each major fund, and the aggregate remaining fund information of the Richmond Metropolitan Authority, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Richmond Metropolitan Authority's basic financial statements, and have issued our report thereon dated September 27, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Richmond Metropolitan Authority's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Richmond Metropolitan Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Richmond Metropolitan Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Richmond, Virginia
September 27, 2013