



Comprehensive Annual Financial Report

Richmond, Virginia

For the year ended June 30, 2012



COMPREHENSIVE ANNUAL FINANCIAL REPORT

RICHMOND METROPOLITAN AUTHORITY

Richmond, Virginia

For the Year Ended June 30, 2012

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

Year Ended June 30, 2012

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	8
Principal Officials	9
Organization Chart.....	10
FINANCIAL SECTION	
Independent Auditors' Report.....	12
Management's Discussion and Analysis	14
Basic Financial Statements:	
Balance Sheet.....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets	25
Statement of Cash Flows	26
Notes to Financial Statements.....	27
Required Supplementary Information (Unaudited):	
Defined Benefit Pension Plan	52
Other Post-Employment Benefits	52
Modified Approach for Reporting Infrastructure	53
Supplementary Information	
Combining Balance Sheet – Nonmajor Funds.....	58
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Funds.....	59
Combining Statement of Cash Flows – Nonmajor funds	60
STATISTICAL SECTION	
Table of Contents	62
Financial Trends:	
Net Assets (Deficit) by Component.....	64
Net Assets (Deficit) by Component by Fund.....	65
Changes in Net Assets	66
Expressway System Changes in Net Assets	67
Expressway Parking Deck Changes in Net Assets	67
Stadium Changes in Net Assets	68
Main Street Station Changes in Net Assets	68
Second Street Parking Facility Changes in Net Assets.....	69
Carytown Parking Facilities Changes in Net Assets.....	69
Operating Revenues by Fund.....	70
Operating Expenses by Fund	70

RICHMOND METROPOLITAN AUTHORITY

Comprehensive Annual Financial Report

Year Ended June 30, 2012

TABLE OF CONTENTS

	Page
Revenue Capacity:	
Operating Revenues by Source	71
Toll rates	72
Debt Capacity:	
Expressway System Revenue Bond Coverage	73
Second Street Parking Facility Revenue Bond Coverage.....	74
Expressway Parking Deck Revenue Bond Coverage	74
Demographic and Economic Information:	
Metropolitan Area Principal Employers	75
Metropolitan Area Estimated Population Data	76
Operating Information	
Operating and Capital Indicators	77
Number of Employee by Identifiable Activities.....	78
 COMPLIANCE SECTION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79



Introductory Section

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



October 1, 2012

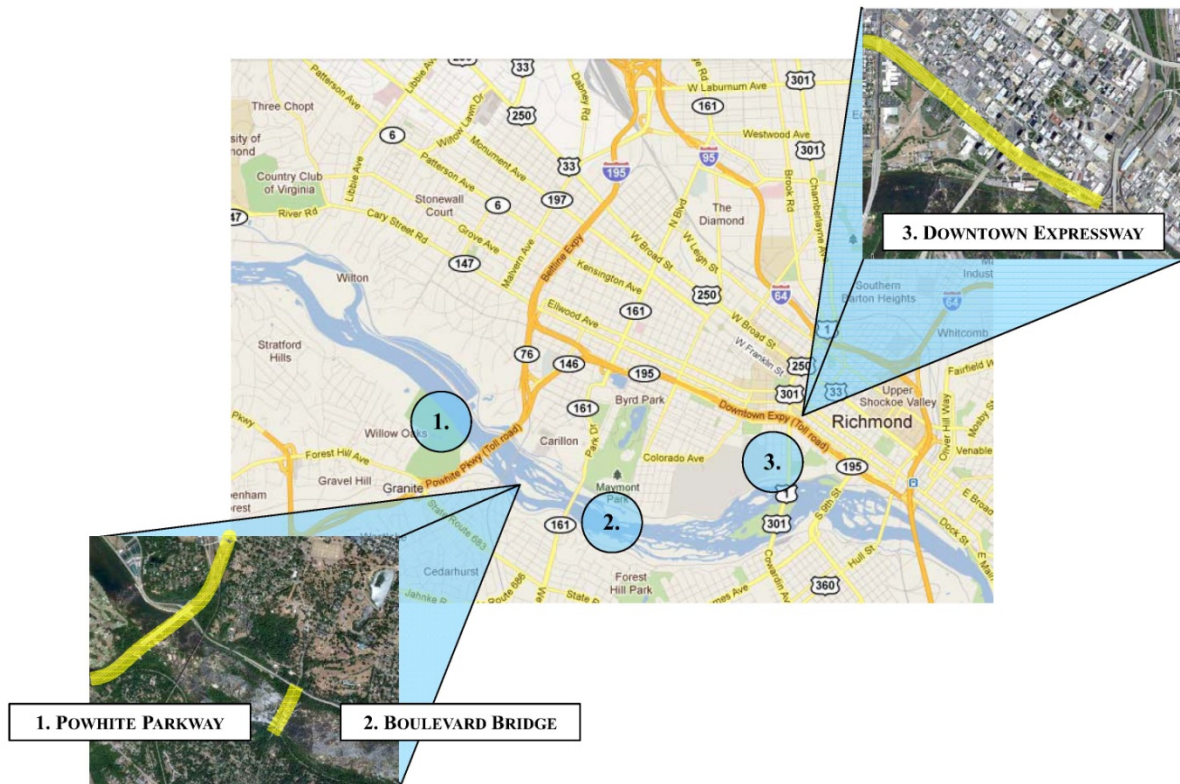
To the Chairman and Members of the Board of Directors
Richmond Metropolitan Authority

The comprehensive annual financial report of the Richmond Metropolitan Authority (the Authority) for the fiscal year ended June 30, 2012 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. The Authority's Management Discussion and Analysis (MD&A) can be found immediately following the report of independent auditors. 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 of whom are 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 49.9 lane miles of roads and 36 bridges connecting downtown Richmond with surrounding areas.



In addition, the Authority owns and operates four parking facilities in the City of Richmond.

- The **Second Street Parking Deck**, built at the request of the City of Richmond, 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** facilities is free of charge, in accordance with an agreement with the City of Richmond. 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 of Richmond provides funding to the Authority for the maintenance and operation of these decks.



- 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 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 in the metropolitan area. The Flying Squirrels won the 2012 season Eastern League attendance race with 438,002. The team has led the league in attendance for two of the past three seasons.



In June 2003, the City of Richmond completed renovation of the historic **Main Street Station** and adjacent parking lot. Upon completion of the renovation, the City of Richmond requested that the Authority provide management services for both the station and parking facilities. 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

2011 Series Financing and Bond Rating – A key accomplishment during fiscal year 2012 was the financial restructuring culminating in the November 30, 2011 payment of the Expressway system subordinate debt to the City of Richmond. This process included:

- Finalizing the restructuring plan
- Obtaining bond ratings
- Developing an updated 2011 series bond indenture

In October 2011 the RMA received new and upgraded bond ratings on its expressway revenue refunding bonds, series 2011-D, from the Big Three credit rating agencies -- Fitch Ratings, Moody's Corporation and Standard & Poor's (S&P). The ratings were in conjunction with a unanimous vote by the RMA Board of Directors to approve a financial restructuring to pay a \$62.1 million debt to the City of Richmond for monies provided to the RMA to fund debt service during the expressway's formative years between 1975 and 1991. This was the first time the RMA sought credit ratings from all three major credit agencies.

- Moody's Investors Service assigned the RMA an initial "A1 rating and a stable outlook" based on "the [RMA's] multi-asset nature of the system; the predominantly passenger and commuter traffic in a stable service area anchored by the state capitol; ...and strong liquidity and well-maintained assets."
- S&P has rated the RMA an "A+" -- a new rating by the agency. "The rating reflects our view of a good competitive position for local and commuter traffic, strong historical liquidity levels and good performance, good upward rate-setting flexibility, and manageable capital needs that the [RMA] expects to undertake without additional debt," said a S&P credit analyst.
- The RMA received an upgraded "A- rating, with a positive outlook," from Fitch Ratings for the RMA's bonds. Previously, the rating was an "A- rating, with a stable outlook."

According to Fitch, “The positive outlook reflects the strong financial performance in fiscal years 2010 and 2011 and Fitch's expectation that this performance will be maintained.”

Express Lanes – Open Road Tolling (ORT) technology was expanded to the Downtown Expressway in August 2012 as anticipated in our Capital Improvement Program. 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, 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 our Powhite Expressway customers since fiscal year 2009, to the Downtown Expressway westbound lanes.

Toll System Replacement –The Authority evaluated the system design and participated in testing a new toll system for our traditional lanes with a new service provider. The Capital Improvement Program project renovates and replaces systems and equipment that are at the end of their effective life cycle. The Authority is working with the consulting firm of Howard, Needles, Tammen & Bergendoff (HNTB) to monitor the implementation, with the transition to the new system scheduled to occur by lane during fall 2012.

Baseball – While a regional solution on a new or renovated stadium is yet to be resolved, the Authority continues to partner with the Flying Squirrels to provide a family friendly environment at the Diamond for baseball.

ECONOMIC CONDITION AND OUTLOOK

Expressway system fiscal year traffic of 56.2 million increased 1.9% from the prior year. RMA 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 years in May 2011. BLS data reflects gradual employment growth, consistent with the Authority's traffic growth. Regional employment of 628,961 for June 2011 had grown 1.8% as of June 2012 to 640,124. Our traffic and revenue consultant's, Jacobs, Inc., fiscal year 2013 toll revenue forecast can be achieved with no growth from the prior year. Traffic volumes the first two months of fiscal year 2013 are 3% ahead of projections. The Authority will continue to monitor monthly revenue and traffic numbers relative to projections.

The City of Richmond area continues to attract new development and construction to downtown which support continued demand for the expressway and parking facilities including:

- The renovated historic Hotel John Marshall reopened in December 2011. The 16 story hotel was converted into a mixed-use residential and commercial building with 238 rental apartments and 20,000 square feet of street level retail space.

- A \$30 million dollar renovation is in process of the former First National Bank Building. The historic 19 story structure, dating from 1913 was the first skyscraper in Richmond and is being converted into 154 apartment units with commercial space on the ground level. Opening is planned for December 2012.
- Construction is underway to convert the former Reynolds Packaging facility into residential and retail space. The renovation will open up the length of the Canal Walk, previously blocked by the facility, and will contain over 200 apartments and mixed use space.
- Virginia Commonwealth University (VCU), 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 West Grace Street university housing project opened for the 2012-13 school year with 459 beds. The West Grace development includes a 212 vehicle parking deck that opened during fall of 2011 with retail and restaurant space. In the Carver section of Richmond a 190,000-square-foot, 406-bedroom student housing complex is also under construction, planned for completion for the 2013 school year.

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 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 auditors' 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, 2011. 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 eighteen 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 leadership and support in planning and conducting the financial affairs of the Authority in a responsible and progressive manner.

Sincerely,



Robert M. Berry
General Manager



Greg L. Akers
Director of Finance

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, 2011

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



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

RICHMOND METROPOLITAN AUTHORITY
Principal Officials

June 30, 2012

Board of Directors

Appointed by City of Richmond	Appointed by Chesterfield County
Mr. Carlos M. Brown, Chairman	Mr. A. Dale Cannady
Mr. David P. Baugh, Vice-Chairman	Mr. Charles R. White
Ms. Beverly A. Burton, Esquire	
Mr. D. Mychael Dickerson	
Mr. Darius A. Johnson	
Ms. Betty Jolly	
Appointed by Henrico County	Appointed by Commissioner, Department of Transportation
Mr. David A. Brat	Mr. Roger Cole
Mr. James L. Jenkins	

General Manager

Mr. Robert M. Berry

Director of Operations

Mr. David T. Caudill

Director of Finance

Mr. Greg L. Akers

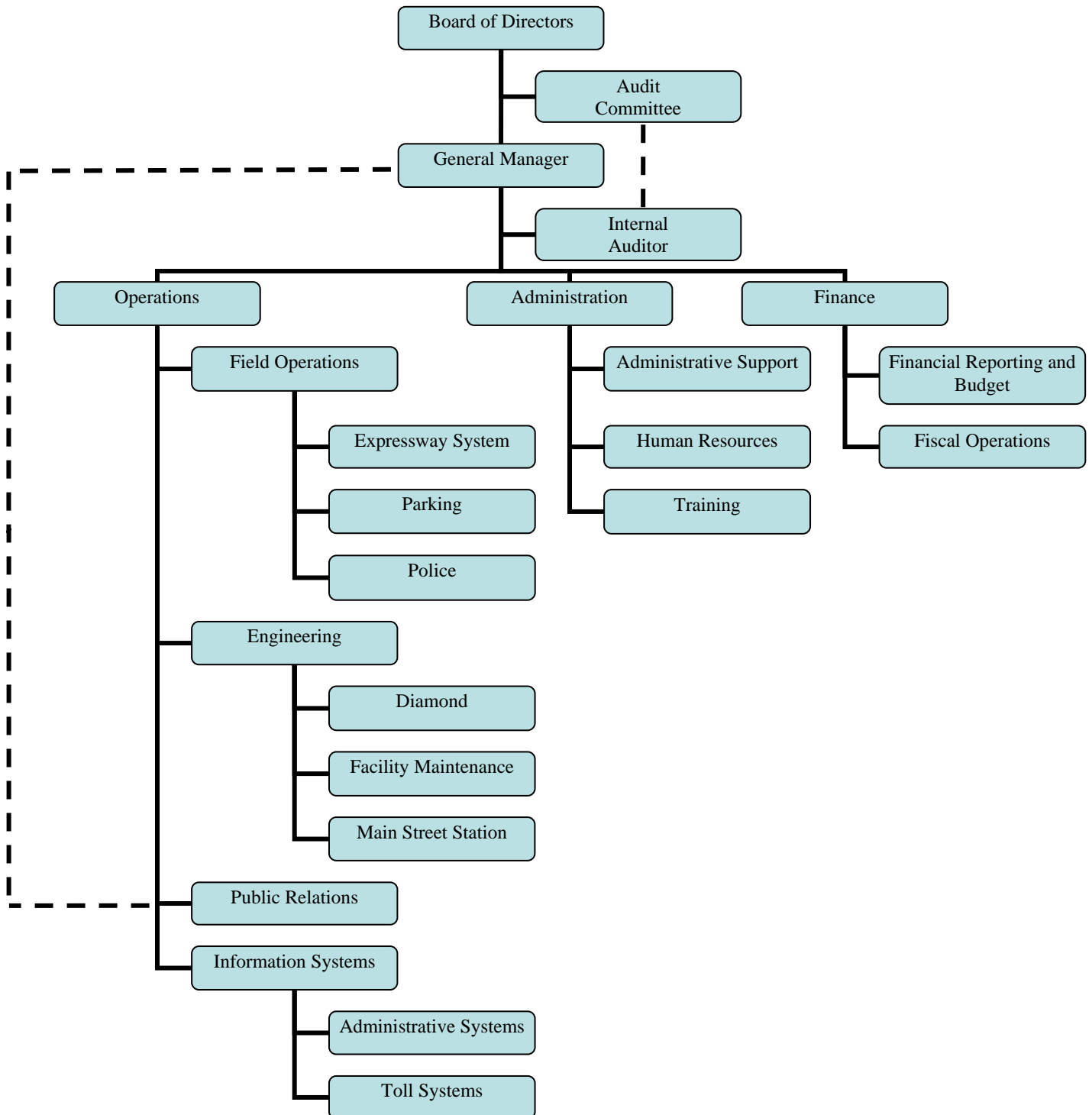
Director of Administration

Ms. Paulette S. Cook

Secretary and General Counsel

Mr. Eric E. Ballou

Richmond Metropolitan Authority
Organizational Chart
June 30, 2012





Financial Section



Independent Auditors' Report

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 as of and for the year ended June 30, 2012, as listed in the table of contents, which collectively comprise the Authority's basic financial statements. These financial statements are the responsibility of Richmond Metropolitan Authority's management. 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, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business types activities, each major fund, and the aggregate remaining fund information of the Richmond Metropolitan Authority as of June 30, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 20, the June 30, 2011 financial statements have been restated to include accrued interest that was previously unrecorded in prior years.

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2012 on our consideration of the Richmond Metropolitan Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The introductory section, supplementary information, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Cheng Beckert + Holland, L.L.P.

Richmond, Virginia
October 1, 2012

Richmond Metropolitan Authority
Management's Discussion and Analysis
Year Ended June 30, 2012

This section of the Authority's Comprehensive Annual Financial Report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2012. 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 follows this section.

FINANCIAL HIGHLIGHTS

Assets of the Authority exceeded liabilities by \$77.8 million (net assets), an increase of \$8.2 million or 11.8%. Changes in key elements from the prior year include:

- Current and other assets of \$67.1 million decreased by \$2.8 million.
- Capital assets of \$227.7 million increased by \$10.4 million.
- Long-term liabilities of \$197.1 million decreased by \$0.6 million.
- Restricted net assets of \$28.5 million increased by \$5.9 million.
- Operating revenues of \$38.6 million increased by \$0.8 million or 2.0%.
- Operating expenses of \$19.6 million increased by \$1.9 million or 10.5%.

The items above are evaluated in more detail in the "Financial Analysis" section that follows. Additional highlights are also organized below by fund.

Expressway

- 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 fund, with \$96.9 million of total net assets and a \$9.8 million increase in net assets.
- Toll revenue of \$36.1 million increased \$0.7 million from the prior year, primarily from increases in traffic volume.
- Traffic volume of 56.2 million vehicles was 1.3% ahead of the fiscal year projection provided by our traffic and revenue consultant, Jacobs, Inc.
- Construction of west bound open road tolling (ORT) lanes at the Downtown Expressway and a toll system replacement project continued in fiscal year 2012. Costs of \$11.3 million were capitalized for these projects in fiscal year 2012.

- A financial restructuring through issuance of 2011 Series Expressway Revenue Bonds culminated in a November 30, 2011 payment of \$62.1 million to the City of Richmond for Expressway system subordinate debt and accrued interest. As a result, accrued interest at June 30, 2011 of \$38.8 million for the subordinate debt was paid in full, and bonds payable at June 30, 2012 increased by \$34.2 million compared to the prior year.

Expressway Parking Deck

- Operating revenues of \$1.3 million increased 1.6% over prior year, with the primary revenue source (90%) from monthly rentals. Average monthly rentals of 1,003 spaces decreased 2.5% from the prior year. Transient parking revenue decreased by \$13,700 or 9.5%.
- In June 2012, the City of Richmond gave approval to the Authority to transfer \$33,000 from the Expressway Parking Deck to the Second Street Parking Deck fund, to provide funding for the principal payments on the Series 1974 Second Street Parking Garage Revenue Bonds. Similar transfers were made in fiscal years 2007 through 2011.
- Beginning net assets were restated by \$1.8 million for an adjustment to accrued interest as described at Note 20.

Stadium

- Fiscal year 2012 reflects the second half of the 2011 baseball season and the first half of the 2012 baseball season, as well as costs associated with maintaining the facility. As described at Note 15, the team is responsible for certain facility operations and expenses.
- Operating expenses of \$776,000 increased \$170,000 or 30.1% from prior year, primarily due to increased maintenance costs. The additional maintenance expense includes \$113,000 for a biennial roof inspection by a consulting engineer and associated repairs.
- Support for localities of \$121,000 was received from the City of Richmond related to admissions taxes generated by the facility. Under terms of the 1984 stadium agreement, admissions tax the City receives from the Stadium for the calendar year is remitted to the Authority in the following fiscal year. The Authority did not receive this payment in fiscal year 2011 as no baseball was played at the stadium in calendar year 2009.
- For fiscal year 2012, based on sufficiency of reserve balances, the Authority did not request additional support from the localities.

Main Street Station

- Operating revenues increased \$50,000 from the prior year to \$653,000, primarily due to an increase in parking revenue. Monthly parking revenue increased by \$37,600 or 14.4%, while transient parking revenue increased by \$7,400 or 8.0%.
- As described at Note 11 to the financial statements, the Authority manages Main Street Station for the City of Richmond 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 \$349,000 decreased \$34,000 compared to the prior year, primarily due to increased operating revenue. 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 \$143,000 increased 1.4% from prior year.
- The Second Street Parking Deck continued to struggle financially. However the current volume continues to be an improvement from 171 average monthly parkers as recently as fiscal year 2008. The 192 average monthly parkers for the current year is a slight decrease from 208 in fiscal year 2011. The deck's 350 spaces provide additional capacity should economic conditions near the location improve. The debt service on the 1974 bonds is scheduled for completion in fiscal year 2015.
- The deck continued to provide sufficient cash flow to cover operating expenses and interest on the Series 1974 Parking Garage Revenue Bonds. However, it did not provide sufficient revenues to pay principal on the debt. As a result, cash in the amount of \$33,000 was transferred from the Expressway Parking Deck to the Second Street Parking Deck revenue account to provide sufficient funds for the July 1, 2012 principal payment on the Series 1974 bonds.

Carytown Parking Decks (non-major fund)

- Expenses at the Carytown parking decks remained stable during the fiscal year 2012. Parking at these two facilities is free of charge. As described at Note 11 to the financial statements, the City of Richmond provides funding for operation of the decks.

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 (GAAP) 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 Assets. All assets, liabilities, and net assets associated with the operation of the Authority are included in the Balance Sheet. Net assets – the difference between assets and liabilities – is one way to measure the Authority's financial health or position.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Assets

	June 30, 2012	June 30, 2011	Increase (Decrease) 2012 - 2011	% change
Current and other assets	\$ 67,056,089	\$ 69,933,257	\$ (2,877,168)	-4.1%
Capital assets	227,740,389	217,308,427	10,431,962	4.8%
Total assets	294,796,478	287,241,684	7,554,794	2.6%
Current liabilities	19,985,034	19,978,165	6,869	0.1%
Long-term liabilities, as restated	197,052,779	197,705,883	(653,104)	-0.3%
Total liabilities	217,037,813	217,684,048	(646,235)	-0.3%
Net Assets (deficit):				
Invested in capital assets, net of related debt	88,262,025	58,876,924	29,385,101	49.9%
Restricted	28,481,179	22,529,329	5,951,850	26.4%
Unrestricted, as restated	(38,984,539)	(11,848,617)	(27,135,922)	229.0%
Total net assets	\$ 77,758,665	\$ 69,557,636	\$ 8,201,029	11.8%

- Assets exceeded liabilities at the close of the most recent fiscal year by \$77.8 million (net assets), an increase of \$8.2 million or 11.8%.
- Current and other assets of \$67.1 million decreased by \$2.9 million, primarily for resources used for the restructuring of the Authority's debt.
- Capital assets of \$227.7 million increased by \$10.4 million, primarily for capitalized construction for the Downtown Expressway ORT project.
- The Expressway debt restructuring, described further in Note 9, resulted in certain shifts between net asset categories this fiscal year. Series 2011-D Expressway Revenue Bonds were combined with other available funds to pay \$62.1 million subordinate notes and accumulated interest to the City of Richmond. The subordinated notes originated from contractual payments to the Authority's Reserve Fund from the City between 1975 and 1991. Based on the non-capital nature of the subordinate notes, the liability for series 2011-D Expressway Revenue Bonds is applied against unrestricted net assets. Additional information for net asset balances follows:
 - Invested in capital assets, net of related debt net assets increased \$29.4 million. The increase includes \$11.3 for capitalized ORT construction noted earlier, and reduction to debt associated with capital assets after the series 2011 bond issuances and restructuring.
 - Restricted net assets of \$28.5 million increased by \$5.9 million, and consist of funds restricted for debt service and planned Expressway capital improvements and maintenance requirements.
 - Unrestricted net assets decreased \$27.1 million, primarily for shifts between net asset categories after restructuring of the Authority's debt described above.

Changes in Fund Net Assets

	2012	2011	Increase (Decrease) 2012 - 2011	% change
Operating revenues:				
Tolls	\$ 36,111,774	\$ 35,391,965	\$ 719,809	2.0%
Parking fees and rentals	2,313,737	2,262,483	51,254	2.3%
Stadium and sky box rentals	183,449	177,705	5,744	3.2%
Other	19,577	33,038	(13,461)	-40.7%
Total operating revenues	<u>38,628,537</u>	<u>37,865,191</u>	<u>763,346</u>	2.0%
Operating expenses				
Employee compensation & benefits	7,234,307	6,921,337	312,970	4.5%
Maintenance	6,800,653	4,632,533	2,168,120	46.8%
Depreciation	964,974	976,684	(11,710)	-1.2%
Consulting fees	138,006	154,453	(16,447)	-10.6%
Heat, light, power	495,144	471,582	23,562	5.0%
Insurance	346,760	344,908	1,852	0.5%
Toll tag processing	2,357,443	2,947,335	(589,892)	-20.0%
Other	1,231,469	1,252,713	(21,244)	-1.7%
Total operating expenses	<u>19,568,756</u>	<u>17,701,545</u>	<u>1,867,211</u>	10.5%
Operating income	<u>19,059,781</u>	<u>20,163,646</u>	<u>(1,103,865)</u>	-5.5%
Nonoperating revenues (expenses)				
Investment earnings	233,663	563,070	(329,407)	-58.5%
Interest expense:				
Bonds	(11,016,816)	(7,678,700)	(3,338,116)	43.5%
Notes	(570,392)	(1,367,350)	796,958	-58.3%
Support from localities	469,793	383,026	86,767	22.7%
Total nonoperating revenues (expenses)	<u>(10,883,752)</u>	<u>(8,099,954)</u>	<u>(2,783,798)</u>	34.4%
Capital contributions	<u>25,000</u>	<u>-</u>	<u>25,000</u>	
Change in net assets	8,201,029	12,063,692	(3,862,663)	-32.0%
Net assets - beginning	<u>69,557,636</u>	<u>59,334,808</u>	<u>10,222,828</u>	17.2%
Restatement	<u>-</u>	<u>(1,840,864)</u>	<u>1,840,864</u>	
Net assets - ending	<u>\$ 77,758,665</u>	<u>\$ 69,557,636</u>	<u>\$ 8,201,029</u>	11.8%

Operating revenues of \$38.6 million increased \$0.8 million or 2.0%, primarily due to additional toll revenue from increased traffic volume. Tolls comprise 93.5% of operating revenues. Operating expenses of \$19.6 million increased by \$1.8 million or 10.5%, primarily due Expressway maintenance expense increasing by \$2.0 million to \$4.4 million. Under the modified approach for infrastructure, described further in required supplementary information,

the Authority expenses certain maintenance and preservation cost and does not report depreciation expense for selected Expressway infrastructure. Maintenance expense routinely varies between years based on the timing and scope of planned Expressway maintenance projects. The current year Expressway infrastructure projects include \$11.3 million that was capitalized. The \$8.2 million increase in net assets resulted from a combination of planned revenues applied to debt service and the accumulation of restricted resources for future Expressway capital improvements and maintenance requirements.

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

	Expressway	Expressway Parking Deck	Stadium	Main Street Station	Other Non- Major Funds
Fiscal year 2012	\$ 96,936,513	\$ (24,286,072)	\$ 4,988,012	\$ -	\$ 120,212
Fiscal year 2011	87,167,628	(23,113,296)	5,355,760	-	147,544
Increase/(Decrease)	<u>\$ 9,768,885</u>	<u>\$ (1,172,776)</u>	<u>\$ (367,748)</u>	<u>\$ -</u>	<u>\$ (27,332)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, capital assets increased to \$245.4 million, which includes roads, bridges, buildings, land, the stadium and equipment. Net of accumulated depreciation, the Authority's net capital assets at June 30, 2012 totaled \$227.7 million.

Richmond Metropolitan Authority's Capital Assets Net of Depreciation

	2012	2011	Increase (Decrease) 2012-2011
Expressway system	\$ 187,051,962	\$ 187,051,962	\$ -
Boulevard Bridge	9,777,483	9,777,483	-
Land	1,628,981	1,628,981	-
Construction in Progress	13,973,179	2,719,553	11,253,626
Buildings	2,634,932	2,683,073	(48,141)
Parking garages	8,410,915	8,876,653	(465,738)
Stadium facility	4,058,923	4,418,725	(359,802)
Vehicles and Equipment	204,014	151,997	52,017
Total	<u>\$ 227,740,389</u>	<u>\$ 217,308,427</u>	<u>\$ 10,431,962</u>

See Note 17 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 Statement No. 34. 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 expressways maintained by the Authority are accounted for using the modified approach. For fiscal year 2012, there was no significant variance between the amount planned and expended for maintaining and preserving infrastructure assets at targeted condition levels.

The Authority manages its bridge network using the engineering firm of Howard, Needles Tammen & Bergendoff (HNTB) for biennial inspections. HNTB uses the Bridge Management and Inspection Program in order to evaluate the condition of bridges and the Authority accounts for them using the modified approach, as provided by GASB 34. 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.

HNTB, utilizing the asphalt specific Washington State Department of Transportation (WSDOT) 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. 99% of the Authority’s road surfaces have a Group 2 or better rating, with the remaining 1% at a Group 3 rating, thereby complying with our preventative maintenance program. During fiscal year 2012, the Authority spent approximately \$4.4 million to preserve and maintain the roads and bridges at, or above, this level.

Debt Administration

The Authority undertook a significant debt restructuring in fiscal year 2012. \$22.8 million subordinate debt to the City of Richmond previously scheduled for retirement in fiscal years 2025-2042, with accumulated interest of \$39.3 million was paid in full. After the restructuring, scheduled retirement for non-subordinate debt was extended from fiscal year 2022 to 2042.

At June 30, 2012, outstanding bonds and notes payable of \$192,583,869 increased by \$34.2 million or 21.6% from the prior year. The notes payable increase is offset within total liabilities, with \$38.8 million subordinate notes accrued interest at June 30, 2011 paid during fiscal year 2012. Total non-current accrued interest of \$14,711,016 decreased by \$36.8 million or 71.4% from the prior year. See Notes 8, 9, and 10 for additional information relative to the Authority's debt. A summary by fund follows:

Expressway System

Bonds payable totaled \$172,987,721 and are comprised of \$183,470,000 in Expressway parity debt (excluding deductions of \$10,482,279 for premiums and deferred amounts of refundings). Of this amount, \$3,510,000 is payable July 15, 2012.

Expressway Parking Deck

Bonds payable to the City of Richmond totaled \$18,875,000 (excluding deductions of \$13,352 for unamortized discounts.) Unpaid accrued interest at June 30, 2012 was \$14,532,323. 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 \$734,500, which consist of:

- \$325,000 for 1974 Series Parking Garage Revenue Bonds. Of this amount, \$105,000 is payable July 1, 2012.
- \$409,500 note payable to the City of Richmond. Accrued interest on this note totals \$960,081. The note is payable upon retirement of the Series 1974 Bonds, but not later than 50-years.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

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 628,961 at June 2011 grew 1.8% to 640,124 at June 2012. Over the past decade, population has continued to increase, as illustrated at Table 18 in the Statistical Section. Regional unemployment of 6.1% in June 2012 is an improvement compared to 7.0% in the prior year. The regional unemployment is slightly behind Virginia's 5.7% and compares favorably to the national rate of 8.2%.

Traffic levels are illustrated at table 19 in the Statistical Section for the past decade. Fiscal year 2012 traffic volume of 56.2 million increased 1.9% from fiscal year 2011. Although the slow pace of the economic recovery creates uncertainty for continued improvement, our traffic and revenue consultant's, Jacobs, Inc., fiscal year 2013 toll revenue forecast can be achieved with no growth from the prior year.

Fiscal year 2013 rates

Expressway 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
Balance Sheet
As of June 30, 2012

	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 4)	\$ 11,912,454	\$ 1,366,737	\$ 330,390	\$ 124,811	\$ 51,626	\$ 13,786,018
Restricted investments held by trustee (Note 5)	25,247,576	-	-	-	114,757	25,362,333
Other short-term investments (Note 5)	5,175,154	-	-	-	25,678	5,200,832
Accrued interest receivable	154,748	-	-	-	-	154,748
Receivables (Note 6)	55,898	1,206	111,118	141,440	16,660	326,322
Prepaid expenses	15,463	-	-	-	-	15,463
Deferred financing cost (Note 9)	136,801	-	-	-	-	136,801
Total current assets	42,698,094	1,367,943	441,508	266,251	208,721	44,982,517
Noncurrent Assets:						
Restricted investments held by trustee (Note 5)	7,215,160	-	-	-	-	7,215,160
Other long-term investments (Note 5)	11,736,475	-	-	-	-	11,736,475
Deferred financing costs (Note 9)	2,539,405	-	-	-	-	2,539,405
Escrow assets (Note 9)	582,532	-	-	-	-	582,532
Capital assets (Note 17):						
Non-depreciable:						
Land	-	134,366	612,000	-	882,615	1,628,981
Expressway system	187,051,962	-	-	-	-	187,051,962
Boulevard bridge	9,777,483	-	-	-	-	9,777,483
Construction in progress	13,973,179	-	-	-	-	13,973,179
Total non-depreciable capital assets	210,802,624	134,366	612,000	-	882,615	212,431,605
Depreciable:						
Buildings	2,925,621	-	-	-	-	2,925,621
Parking garages	-	15,731,308	-	-	2,898,223	18,629,531
Stadium facility	-	-	10,723,373	-	-	10,723,373
Vehicles and equipment	725,793	-	-	-	-	725,793
Total depreciable capital assets	3,651,414	15,731,308	10,723,373	-	2,898,223	33,004,318
Accumulated depreciation	(812,468)	(8,061,555)	(6,664,450)	-	(2,157,061)	(17,695,534)
Net capital assets	213,641,570	7,804,119	4,670,923	-	1,623,777	227,740,389
Total noncurrent assets	235,715,142	7,804,119	4,670,923	-	1,623,777	249,813,961
Total assets	\$ 278,413,236	\$ 9,172,062	\$ 5,112,431	\$ 266,251	\$ 1,832,498	\$ 294,796,478
Liabilities						
Current Liabilities:						
Accounts payable and accrued liabilities (Note 7)	\$ 3,770,018	\$ 35,692	\$ 43,169	\$ 102,074	\$ 6,749	\$ 3,957,702
Accrued interest payable (Note 8)	4,603,380	781,388	-	-	9,750	5,394,518
Advance	-	-	-	28,163	-	28,163
Unearned revenue	-	10,303	81,250	136,014	1,206	228,773
Bonds and Notes payable, current portion (Note 8, 9)	2,227,547	8,043,331	-	-	105,000	10,375,878
Total current liabilities	10,600,945	8,870,714	124,419	266,251	122,705	19,985,034
Noncurrent Liabilities:						
Accrued liabilities (Note 7)	115,604	18,168	-	-	-	133,772
Bonds and Notes payable (Note 8, 9)	170,760,174	10,818,317	-	-	629,500	182,207,991
Accrued interest payable (Note 8)	-	13,750,935	-	-	960,081	14,711,016
Total noncurrent liabilities	170,875,778	24,587,420	-	-	1,589,581	197,052,779
Total liabilities	181,476,723	33,458,134	124,419	266,251	1,712,286	217,037,813
Net Assets (deficit):						
Invested in capital assets, net of related debt	93,759,354	(11,057,529)	4,670,923	-	889,277	88,262,025
Restricted for repairs and contingency	9,083,582	368,000	144,100	-	42,801	9,638,483
Restricted for debt service	18,737,689	-	-	-	105,007	18,842,696
Unrestricted	(24,644,112)	(13,596,543)	172,989	-	(916,873)	(38,984,539)
Total net assets (deficit)	96,936,513	(24,286,072)	4,988,012	-	120,212	77,758,665
Total liabilities and net assets	\$ 278,413,236	\$ 9,172,062	\$ 5,112,431	\$ 266,251	\$ 1,832,498	\$ 294,796,478

See accompanying notes to financial statements

Richmond Metropolitan Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2012

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non- Major Funds	Total Business Type Activities
Operating revenues:						
Tolls	\$ 36,111,774	\$ -	\$ -	\$ -	\$ -	\$ 36,111,774
Parking fees and rentals	43,933	1,317,515	102,852	643,908	205,529	2,313,737
Stadium and sky box rentals	-	-	183,449	-	-	183,449
Other	6,177	2,598	500	9,672	630	19,577
Total operating revenues	36,161,884	1,320,113	286,801	653,580	206,159	38,628,537
Operating expenses:						
Employee compensation and benefits	6,527,619	346,411	83,072	197,479	79,726	7,234,307
Maintenance	6,199,132	19,859	289,488	277,182	14,992	6,800,653
Depreciation	139,434	393,283	359,802	-	72,455	964,974
Consulting fees	93,230	39,661	1,307	1,826	1,982	138,006
Heat, light, power	143,357	52,128	7,585	259,426	32,648	495,144
Insurance	300,880	18,983	14,469	5,991	6,437	346,760
Toll tag processing	2,357,443	-	-	-	-	2,357,443
Other	819,043	118,473	20,089	260,594	13,270	1,231,469
Total operating expenses	16,580,138	988,798	775,812	1,002,498	221,510	19,568,756
Operating income (loss)	19,581,746	331,315	(489,011)	(348,918)	(15,351)	19,059,781
Nonoperating revenues (expenses):						
Investment earnings	232,312	850	263	125	113	233,663
Interest expense:						
Bonds	(9,525,375)	(1,471,941)	-	-	(19,500)	(11,016,816)
Notes	(544,798)	-	-	-	(25,594)	(570,392)
Support from localities	-	-	121,000	348,793	-	469,793
Total nonoperating revenues (expenses)	(9,837,861)	(1,471,091)	121,263	348,918	(44,981)	(10,883,752)
Transfers	-	(33,000)	-	-	33,000	-
Capital contributions	25,000	-	-	-	-	25,000
Change in net assets	9,768,885	(1,172,776)	(367,748)	-	(27,332)	8,201,029
Net assets (deficit)-beginning of year, as restated (Note 20)	87,167,628	(23,113,296)	5,355,760	-	147,544	69,557,636
Net assets (deficit)-end of year	\$ 96,936,513	\$ (24,286,072)	\$ 4,988,012	\$ -	\$ 120,212	\$ 77,758,665

See accompanying notes to financial statements

Richmond Metropolitan Authority
Statement of Cash Flows
For the Year Ended June 30, 2012

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non Major Funds	Totals
Cash flows from operating activities:						
Receipts from customers	\$ 36,307,266	\$ 1,326,160	\$ 297,010	\$ 637,658	\$ 144,094	\$ 38,712,188
Receipts from City of Richmond	-	-	-	-	49,342	49,342
Payments to suppliers	(8,876,604)	(286,465)	(325,330)	(788,112)	(68,448)	(10,344,959)
Payments to employees	(6,350,774)	(346,779)	(83,248)	(199,598)	(80,449)	(7,060,848)
Net cash provided by (used in) operating activities	21,079,888	692,916	(111,568)	(350,052)	44,539	21,355,723
Cash flows from non-capital financing activities:						
Proceeds from sale of bonds	43,683,296	-	-	-	-	43,683,296
Bond issuance costs paid	(330,132)	-	-	-	-	(330,132)
Principal payment on debt	(22,772,022)	-	-	-	-	(22,772,022)
Interest paid	(39,352,570)	-	-	-	-	(39,352,570)
Transfers	-	(33,000)	-	-	33,000	-
Receipts from localities	-	-	121,000	376,033	-	497,033
Net cash provided by (used in) non-capital financing activities	(18,771,428)	(33,000)	121,000	376,033	33,000	(18,274,395)
Cash flows from capital and related financing activities:						
Redemption of 1973 bonds	(17,541,145)	-	-	-	-	(17,541,145)
Recovery from 1973 defeased bond escrow	17,407,277	-	-	-	-	17,407,277
Proceeds from sale of bonds	18,464,137	-	-	-	-	18,464,137
Bond issuance costs paid	(492,797)	-	-	-	-	(492,797)
Interest paid on revenue bonds and notes	(5,889,024)	(520,357)	-	-	(22,350)	(6,431,731)
Principal paid on revenue bonds and notes	(7,590,000)	-	-	-	(95,000)	(7,685,000)
Capitalized interest	(546,840)	-	-	-	-	(546,840)
Capital expenses	(10,825,096)	-	-	-	-	(10,825,096)
Net cash provided by (used in) capital and related financing activities	(7,013,488)	(520,357)	-	-	(117,350)	(7,651,195)
Cash flows from investing activities:						
Purchase of investment securities	(49,803,293)	-	-	(31)	(124,526)	(49,927,850)
Proceeds from sale and maturities of investment securities	48,016,870	-	-	53,029	117,350	48,187,249
Interest received on investing activities	707,629	850	263	125	113	708,980
Net cash provided by (used in) investing activities	(1,078,794)	850	263	53,123	(7,063)	(1,031,621)
Net increase (decrease) in cash	(5,783,822)	140,409	9,695	79,104	(46,874)	(5,601,488)
Cash balances-beginning of year	17,696,276	1,226,328	320,695	45,707	98,500	19,387,506
Cash balances-end of year	\$ 11,912,454	\$ 1,366,737	\$ 330,390	\$ 124,811	\$ 51,626	\$ 13,786,018
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 19,581,746	\$ 331,315	\$ (489,011)	\$ (348,918)	\$ (15,351)	\$ 19,059,781
Depreciation	139,434	393,283	359,802	-	72,455	964,974
Changes in assets and liabilities:						
Accounts receivable (Operating Portion)	145,382	5,541	7,709	(29,792)	(13,561)	115,279
Prepays and other	(13,777)	-	-	-	-	(13,777)
Accounts payable and accrued liabilities	1,227,103	(37,729)	7,432	14,788	158	1,211,752
Unearned revenue	-	506	2,500	13,870	838	17,714
Net cash provided (used in) operating activities	\$ 21,079,888	\$ 692,916	\$ (111,568)	\$ (350,052)	\$ 44,539	\$ 21,355,723
Noncash capital, financing and investing activities						
Net change in fair value of investments	\$ (425,044)	\$ -	\$ -	\$ -	\$ -	\$ (425,044)

Noncash capital and financing activities:

The Authority issued Series 2011 bonds to fully refund debt issued in 1999, 2000, 2005, 2006, and 2008, and partially refund debt issued in 1998 and 2002. A portion of the proceeds were used for capital projects and are included in the cash flows from capital and financing activities section above. Proceeds of \$61,218,797 were deposited immediately into an irrevocable trust for the defeasance of \$52,116,000 of Series 1998-2008 debt, and are not included in the cash flows above.

Capital assets of \$25,000 were donated to the Authority during the fiscal year.

See accompanying notes to financial statements

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Note 1 – Authorizing legislation and description

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, 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 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 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 of whom are appointed by the Mayor of the City of Richmond, with the approval of the City Council; 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.

Note 2 – Basis of presentation

The Authority administers six enterprise funds: the Expressway System, the Expressway Parking Deck, the Stadium Facility, and the Main Street Station are considered major funds. The Second Street Parking Facility and the two Carytown Parking Facilities are combined as other non-major funds. The Authority also maintains two sub-funds: the Repair and Contingency, and Central Administration, that are incorporated into the six enterprise funds at year-end. The Repair and Contingency (R&C) sub-fund is used to account for expressway construction and maintenance expenses. 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 Revenue Account to the R&C sub-fund. All Expressway System maintenance and construction projects are accounted for in this sub-fund. Qualifying expenses are capitalized in accordance with established policy, while the remaining expenses are reflected in the Expressway System Statement of Revenues, Expenses, and Change in Fund Net Assets. The Central

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

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 assets (net income). Any cash remaining in the sub-fund at year-end is reflected in the Expressway System Fund totals.

Note 3 – Significant accounting policies

General – The accounts of the Authority are maintained on the accrual basis of accounting and the economic resources measurement focus.

Pronouncements – As allowed by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Use of estimates – 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.

Operating revenues and expenses – The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expense 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. Passenger revenues are recorded as revenue at the time services are performed. Cash received for which services have not been performed at year end are recorded as unearned revenue on the Balance Sheet (statement of net assets).

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 – In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are shown at fair value based on quoted market prices.

Restricted assets – The Expressway System bond indenture restricts certain net assets, and accordingly these funds are reflected on the Balance Sheet in their current and non-current components. Restricted assets include bond reserve funds, bond retirement principal and interest accounts, and R&C sub-fund

RICHMOND METROPOLITAN AUTHORITY
 Notes to the Financial Statements
 Year Ended June 30, 2012

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.

Deferred financing costs – Deferred financing costs include insurance, legal and other professional fees, and other costs of bond issuance. These amounts are capitalized and amortized over the life of the related bonds (see Note 9).

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. Construction costs also include capitalized interest (see Note 17). All expenditures, 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 expenditure in connection with maintaining an existing facility in good working order is expensed. Other expenditures 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 (VDOT) 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 Statement No. 34. 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 expressways 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

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

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

Net assets – Net assets are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, contributors, laws and regulations of other governments or imposed by law through State statute.

Deficit net assets – At June 30, 2012, two of the funds reflected a deficit in net assets. The Expressway Parking Deck reflected a deficit in net assets of \$24,286,072 which is due primarily to unpaid principal and interest to the City of Richmond 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 9 for a further discussion. The Second Street Parking Facility reflected a deficit in net assets of \$950,533. The deficit is primarily the result of subordinated debt of \$409,500 and \$960,081 of accrued interest payable to the City of Richmond. As described in Note 10, neither the principal nor the interest on this subordinated debt may be repaid until the outstanding revenue bonds have been retired. Agreements with the City of Richmond recognize and provide for any deficits resulting from the lack of revenue to cover operating costs and debt payments.

Note 4 – Deposits with banks

At June 30, 2012, the carrying amount of deposits with banks was \$13,670,318. The bank balance of these deposits at June 30, 2012 was \$13,543,128. The difference between the carrying and bank totals is primarily due to outstanding disbursement 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 (FDIC) 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.

The amounts indicated above exclude petty cash and change funds not held by banks of \$115,700 at June 30, 2012.

Note 5 – Investments

At June 30, 2012, funds held by the trustee in the amount of \$32,577,493 are restricted because their use is limited by the terms of applicable bond covenants. Of this amount, \$25,362,333 is classified as

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

current, and \$7,215,160 as non-current. Non-restricted investments total \$16,937,307, for total investments of \$49,514,800.

The chart below reflects the respective credit ratings of these investments:

Investment Type	Fair Value	Credit Rating
Federal agencies:		
Bonds and Notes	\$ 31,153,735	AAA, AAA
U.S. Government Obligations - Money Market		
Funds	9,082,588	AAAm, Aaa-mf
Virginia State Non-Arbitrage Program (SNAP)	9,252,799	AAAm, N/A
Repurchase Agreements	25,678	AAA (Collateral)
Total Investments	\$ 49,514,800	

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 other 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. All credit ratings indicated in the table above were published by Standard & Poors and Moody’s Investors Services ratings.

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.

At June 30, 2012, the fair values and investment maturities were are as follows:

	Investment Maturities (in years)			
	Fair Value	Less than 1 year	2-3 years	4-5 years
Federal Agencies:				
Bonds and notes	\$ 31,153,735	\$ 12,202,100	\$ 1,250,438	\$ 17,701,197
U.S. Treasury:				
Market funds	9,082,588	9,082,588	-	-
SNAP	9,252,799	9,252,799	-	-
Repurchase agreements	25,678	25,678	-	-
Total Investments	\$ 49,514,800	\$ 30,563,165	\$ 1,250,438	\$ 17,701,197

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Concentration of credit risk – The Code of Virginia and the Authority’s investment policy places no limit on the amount the Authority may invest in any one issuer. However, the policy establishes limitation on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. At June 30, 2012, the Authority’s investment portfolio consisted of the following:

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Home Loan Mortgage Corporation – Freddie Mac	30.37%
Federal National Mortgage Association – Fannie Mae	19.75
Virginia State Non-Arbitrage Program	18.70
Federal Government Money Market	18.34
Federal Home Loan Bank	10.26
Federal Farm Credit Bureau	2.53
Repurchase Agreements	0.05

Custodial credit risk – The Code of Virginia and the Authority’s investment policy permit investments in open repurchase agreements that are collateralized with securities that are approved for direct investment. The Authority’s investment portfolio includes \$25,678 in open repurchase agreements, collateralized with \$27,989 par of US Treasury Securities and held by the investment’s counterparty, in the name of the Authority.

Note 6 – Receivables

Receivables at June 30, 2012 for the Authority’s major and non-major funds are as follows:

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non- Major Funds	Total
Receivables:						
Due from state and local governments	\$ 36,292	\$ -	\$ -	\$ 112,758	\$ 16,454	\$ 165,504
Accounts receivable	19,606	1,206	111,118	28,682	206	160,818
Total receivables	<u>\$ 55,898</u>	<u>\$ 1,206</u>	<u>\$ 111,118</u>	<u>\$ 141,440</u>	<u>\$ 16,660</u>	<u>\$ 326,322</u>

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Note 7 – Payables and accrued liabilities

Payables and accrued liabilities at June 30, 2012 for the Authority's major and non-major funds are as follows:

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non- Major Funds	Total
Current:						
Due to state and local governments	\$ 215,134	\$ 705	\$ 9,982	\$ 10,690	\$ 278	\$ 236,789
Salaries and employee benefits	198,973	4,300	-	2,628	443	206,344
Compensated absences	507,349	6,590	-	3,646	-	517,585
Accounts payable	2,848,562	24,097	33,187	85,110	6,028	2,996,984
Total current	<u>\$ 3,770,018</u>	<u>\$ 35,692</u>	<u>\$ 43,169</u>	<u>\$ 102,074</u>	<u>\$ 6,749</u>	<u>\$ 3,957,702</u>
Noncurrent:						
Compensated absences	<u>\$ 115,604</u>	<u>\$ 18,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,772</u>

RICHMONT METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Note 8 – Long-term liabilities

Issue	June 30, 2011	Additions	Reductions	June 30, 2012	Due Within One Year
Bonds & notes payable:					
Expressway System – 1992 Series	\$ 3,190,000	\$ -	\$ (980,000)	\$ 2,210,000	\$ 1,060,000
Expressway System – 1998 Series	63,325,000	-	(27,405,000)	35,920,000	2,450,000
Expressway System – 1999 Series	3,940,000	-	(3,940,000)	-	-
Expressway System – 2000 Series	60,000	-	(60,000)	-	-
Expressway System – 2002 Series	27,505,000	-	(3,530,000)	23,975,000	-
Expressway System – 2005 Series	6,830,000	-	(6,830,000)	-	-
Expressway System – 2006 Series	8,076,000	-	(8,076,000)	-	-
Expressway System – 2008 Series	8,885,000	-	(8,885,000)	-	-
Expressway System – 2011 Series A, B, C	-	77,490,000	-	77,490,000	-
Expressway System – 2011 Series D	-	43,875,000	-	43,875,000	-
Issuance premiums	1,316,141	3,215,197	(125,385)	4,405,953	277,051
Issuance discounts	(17)	-	17	-	-
Deferred amount of refundings	(7,156,708)	(9,244,974)	1,513,450	(14,888,232)	(1,559,504)
Subordinated notes payable	22,772,022	-	(22,772,022)	-	-
Total Expressway system	138,742,438	115,335,223	(81,089,940)	172,987,721	2,227,547
Expressway Parking Deck - 1990 Series	16,500,000	-	-	16,500,000	5,670,000
Expressway Parking Deck - 1992 Series	2,375,000	-	-	2,375,000	2,375,000
Issuance discount	(15,435)	-	2,083	(13,352)	(1,669)
Total Expressway Parking Deck	18,859,565	-	2,083	18,861,648	8,043,331
Second Street Parking Facility- 1974 Series	420,000	-	(95,000)	325,000	105,000
Second Street Parking Facility - Subordinated note payable	409,500	-	-	409,500	-
Total Second Street Parking Facility	829,500	-	(95,000)	734,500	105,000
Total bonds payable	158,431,503	115,335,223	(81,182,857)	192,583,869	10,375,878
Accrued interest					
Expressway System	41,571,973	4,603,380	(41,571,973)	4,603,380	4,603,380
Expressway Parking Deck, as restated (See Note 20)	13,599,853	1,452,827	(520,357)	14,532,323	781,388
Other Non-Major Funds	947,087	35,344	(12,600)	969,831	9,750
Total accrued interest	56,118,913	6,091,551	(42,104,930)	20,105,534	5,394,518
Compensated absences	583,885	536,864	(469,392)	651,357	517,585
Total long-term liabilities	\$ 215,134,301	\$121,963,638	\$ (123,757,179)	\$ 213,340,760	\$ 16,287,981

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Note 9 - Bonds payable

Expressway System

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

					As of June 30, 2012		
					Unamortized		
Series	Sale Date	Original Borrowing	Interest Rate To Maturity	Final Maturity	Outstanding Balance	Premium	Deferred Financing Costs
1992	May 1992	\$ 157,620,000	3.30-8.50 %	2013	\$ 2,210,000	\$ -	\$ 1,921
1998	March 1998	80,705,000	3.65-5.25	2022	35,920,000	534,232	116,456
2002	April 2002	28,430,000	3.50-5.25	2022	23,975,000	733,411	552,612
2011-A, B, C	Nov. 2011	77,490,000	4.62-4.75	2042	77,490,000	3,138,310	1,816,709
2011-D	Nov. 2011	43,875,000	4.29	2042	43,875,000	-	188,508
					<u>\$ 183,470,000</u>	<u>\$ 4,405,953</u>	<u>\$ 2,676,206</u>

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. The unamortized loss on refunding was \$8,404,454 at June 30, 2012.

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. The unamortized loss on refunding was \$1,694,517 at June 30, 2012.

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

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

\$22,300,000, including the Downtown Expressway Open Road Tolling and Toll System Replacement Projects. The unamortized loss on refunding was \$2,717,206 at June 30, 2012. See 'Expressway System – 2011 Restructuring' note for additional details for the refunding.

Expressway System – Series 2011-D Bonds

Revenue bonds were issued and combined with other resources to pay off \$22,772,022 subordinate notes and \$39,352,570 of accrued interest to the City of Richmond. The subordinate notes were originally issued for amounts paid into the Reserve Fund by the City between 1975 and 1991. See 'Expressway System – 2011 Restructuring' note for additional details.

Expressway System – Defeased Bonds

At June 30, 2012, outstanding bonds in the amount of \$52,126,000 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. The unamortized loss on previously refunded bonds was \$2,005,121 at June 30, 2012.

Expressway System – Escrow Asset

Funds transferred from the Expressway revenue account for early retirement of defeased bonds, as required by the 1992 bond resolution, totaled \$4,278 in fiscal year 2012. The escrow receivable was established to reflect amounts held in escrow by the trustee. The Authority has directed the trustee, to the extent possible, to purchase Series 1998 bonds in the open market from these funds. As a result of the 2011 refunding, no additional transfers to escrow will occur.

Expressway System – Arbitrage

At June 30, 2012 only the Expressway series bonds are subject to federal arbitrage regulations. To ensure compliance with the IRS regulations regarding arbitrage rebates, all expressway bond issues are reviewed annually by the firm of Bingham Arbitrage Rebate Services Incorporated. At June 30, 2012, none of the bond series is accruing an arbitrage rebate liability.

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

Year ending June 30,	Principal	Interest
2013	\$ 3,510,000	\$ 9,590,172
2014	3,725,000	9,025,177
2015	3,960,000	8,804,758
2016	4,170,000	8,591,346
2017	4,390,000	8,366,646
2018-2022	34,295,000	37,150,097
2023-2027	25,315,000	28,730,726
2028-2032	26,690,000	22,847,579
2033-2037	33,980,000	15,375,441
2038-2042	43,435,000	5,683,630
	<u>\$ 183,470,000</u>	<u>\$ 154,165,572</u>

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Expressway System – 2011 Restructuring

The Authority restructured Expressway System debt to provide an orderly settlement of the \$62,124,592 subordinate obligation, including accrued interest, to the City of Richmond, which had required payment dates between 2025 and 2041.

Expressway System – Series 2011 A, B, & C Refunding

The Authority issued \$55,190,000 of Series 2011 A, B, & C revenue bonds that were combined with other available resources to establish an irrevocable trust for certain future debt service payments of \$52,116,000. As a result, the Series 1999, 2000, 2005, 2006, and 2008 bonds, as well as partial amounts of the Series 1998 and 2002 revenue bonds, are considered to be defeased, and the liability has been removed from the Authority's balance sheet. The \$61,218,797 reacquisition price exceeded the carrying value of the old debt by \$9,102,797. This refunding loss, plus \$8,309 net costs remaining for the refunded issuances, is being amortized over the life of the refunded debt. This advance refunding extends the maturity of senior debt from fiscal year 2022 to 2042, and modifies the bond indenture to allow a future senior debt issuance to pay subordinated notes to the City of Richmond. As a result of the refunding, total debt service payments increased by \$50,311,898, resulting in an economic loss of \$10,266,226.

Expressway System – Refunding Debt Previously Refunded

After Series 2011 A, B, and C issuance, the majority holder of senior parity bonds consented and approved the Authority's amendment to the existing bond resolutions to use \$17,541,145 of available resources to legally defease and redeem all outstanding Series 1973 Bonds prior to their maturity dates. The Series 1973 Bonds were previously defeased by Series 1992 Refunding Bonds, with funds held in an irrevocable trust with an escrow agent to provide for future debt service. As a result of the redemption, \$17,407,277 from the former refunding escrow was returned to the Authority. The \$133,868 loss on refunding debt previously refunded is amortized over the remaining life of the defeased debt. The unamortized loss was \$66,934 at June 30, 2012.

Subsequently, the Authority issued the Series 2011-D bonds that were combined with other available resources for payment of \$62,124,592 for the subordinated notes and accrued interest to the City of Richmond.

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Expressway Parking Deck

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

<u>Series</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rate To Maturity</u>	<u>Final Maturity</u>	<u>As of June 30, 2012</u>	
					<u>Outstanding Balance</u>	<u>Unamortized Discount</u>
1990	Nov. 1990	\$ 16,500,000	6.35-7.00 %	2020	\$ 16,500,000	\$ 13,352
1992	Nov. 1992	2,500,000	4.50-6.40	2013	2,375,000	-
					<u>\$ 18,875,000</u>	<u>\$ 13,352</u>

Expressway Parking Deck – Series 1990 Bonds

Revenue bonds were issued to the City of Richmond 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 of Richmond 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 2012 due to insufficient cash flows. As a result of fiscal year 2011 operations, the Authority made a partial interest payment to the City of Richmond in fiscal year 2012 of \$520,357. As a result of fiscal year 2012 operations, a payment of \$781,388 will be made in fiscal year 2013. 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:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
Unpaid in prior years	\$ 6,970,000	\$ 14,532,323
2013	1,075,000	828,600
2014	1,090,000	758,100
2015	1,200,000	681,800
2016	1,355,000	597,800
2017	1,535,000	502,950
2018-2020	5,650,000	815,850
	<u>\$ 18,875,000</u>	<u>\$ 18,717,423</u>

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Second Street Parking Facility

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

<u>Series</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rate To Maturity</u>	<u>Final Maturity</u>	<u>As of June 30, 2012 Outstanding Balance</u>
1974	July 1974	\$1,800,000	6.00%	2014	\$ 325,000

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. The modified repayment schedule is detailed below.

Debt service requirements on the Second Street Parking Facility bonds are scheduled as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 105,000	\$ 16,350
2014	105,000	10,050
2015	115,000	3,450
	<u>\$ 325,000</u>	<u>\$ 29,850</u>

Note 10 – Subordinate notes payable

Second Street Parking Facility – A subordinated note in the amount of \$409,500 was issued to the City of Richmond 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 9). Accordingly, no interest payments have been made on the note. The Authority has recorded accrued interest related to this note of \$960,081 at June 30, 2012.

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Note 11 – Transactions with the City of Richmond and localities

Carytown Parking Facilities – In 1991, the Authority signed two separate agreements with the City of Richmond 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 2012, which is reported as operating revenue in the Statement of Revenue, Expenses, and Changes in Fund Net Assets.

Stadium Facility – Under the terms of a Moral Obligation Agreement with the City of Richmond, 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 Fund needs, the localities may, but are not legally bound to, appropriate money to the Authority for such purposes. In addition, pursuant to the Moral Obligation Agreement, the City of Richmond 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. For fiscal year 2012, based on the reserve balances on hand, the Authority did not request payments from the localities for support for the Stadium. The Authority received \$121,000 from the City of Richmond for admissions tax revenue in fiscal year. Currently, there is no outstanding bonded indebtedness on the facility.

Main Street Station – In June 2003, the City of Richmond completed the renovation of Main Street Station and related parking lots. 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 15 for additional information.

Note 12 – 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.

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

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 have service credits before July 1, 2010 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 who have no service credits before July 1, 2010 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.

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 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 Authority on behalf of 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

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended June 30, 2012 was 9.18% of the annual covered payroll, which includes the employee's 5.00% share.

Annual Pension Cost

For the fiscal year ended June 30, 2012, the Authority's annual pension cost of \$390,161 for VRS was equal to the required and actual contributions.

Three-Year Trend Information for the Authority			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 390,161	100%	—
2011	389,999	100	—
2010	388,615	100	—

The fiscal year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) a cost-of living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increase rate include an inflation component of 2.50%. The actuarial value of the Authority's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Authority's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued liability (UAAL) was 20 years.

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 90.06% funded. The actuarial accrued liability for benefits was \$14,321,237, and the actuarial value of assets was \$12,897,847, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,423,390. The covered payroll (annual payroll of active employees covered by the plan) was \$4,241,081, and the ratio of the UAAL to the covered payroll was 33.56%.

The schedule of funding progress, presented as required supplemental information (RSI) 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 actuarial accrued liability (AAL) for benefits.

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Note 13 – Other post-employment benefits

Plan Description

In addition to the pension benefits described in Note 12 (defined benefit pension plan), 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 RMA Board.

The Authority participates in the Virginia Pooled OPEB Trust Fund (“Trust Fund”), which is an “agent multiple-employer plan” that operates an irrevocable trust established for the purpose of accumulating assets to fund postemployment health care benefits other than pensions. The trust fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets for the purpose of GASB Statement 45 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 (“VML”) at P.O. Box 12164, Richmond, Virginia 23241.

Plan Provisions

On July 1, 2007 the RMA 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:

- A. Be 60 years old at the time of retirement
- B. Eligible for VRS Retirement
- C. Have a least 10 years of full-time RMA service (25 years of full-time service for employees hired July 1, 2007, or after)
- D. Retired in good standing from the RMA

Spouses are eligible for all three tiers, provided they were enrolled in the RMA 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 spouse. For fiscal year 2012, the combined premium expense for the three tiers totaled approximately \$98,148.

The first tier is applicable to employees with at least 25 years of RMA service, and who were promoted or hired to a full-time position on or after July 1, 2007. Eligible retirees who participate in the RMA health plan will receive a monthly contribution credit of \$6 for each year of full-time RMA service. As of June 30, 2012, no employees qualify for this tier.

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

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 to 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 RMA service scale:

Years of RMA Service	Contribution Percentage *1
0 up to 10	0%
10 up to 15	25%
15 up to 20	50%
20 up to 25	75%
25 and over	100%

*1 – Percent of monthly premium

As of June 30, 2012, 2 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, 2012, 4 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 RMA health insurance plans that coordinate with Medicare benefits.

Membership

At June 30, 2012, membership consisted of:

Retirees and beneficiaries	23
Active employees	109
Total participants	<u>132</u>

Funding Policy

The Authority plans to contribute 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 Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Annual OPEB Cost and Net OPEB Obligation (Asset)

In accordance with GASB Statement No. 45, an actuarial study was prepared calculating the postemployment healthcare cost 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

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

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 \$437,900 is 10.3 percent of the \$4,241,081 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, 2012.

Net OPEB Obligation (Asset)

Annual Required Contribution (ARC)	\$ 437,900
Interest on Net OPEB Obligation (Asset)	-
Adjustment to the ARC	-
Annual OPEB Cost	<u>437,900</u>
Employer's Contributions:	
To OPEB Trust	278,600
Retiree Premiums	<u>159,300</u>
Total Employer Contributions	437,900
Net OPEB Obligation (Asset) beginning of year	<u>-</u>
Net OPEB Obligation (Asset) end of year	<u><u>\$ -</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2012 is as follows:

Trend Information for the Authority			
Fiscal Year Ended	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Liability (Assets)
2012	\$ 437,900	100%	-
2011	355,342	100	-
2010	355,342	100	-

Funded Status and Funding Progress

The table below reflects funding progress as of January 1, 2011 actuarial valuation, the most recent actuarial valuation date.

Schedule of Funding Progress

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (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%

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

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 less 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.

In the January 1, 2011 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions included a 7.00 percent rate of return and an annual healthcare cost trend rate of 6.40 percent trending down over the next 80 years to a rate of 4.70 percent for future years. The amortization method used was level percent of payroll, closed. The remaining amortization period at June 30, 2012 for the UAAL was 10 years.

Note 14 – Risk management

The Authority, through the operation of the Expressway System, the vehicular parking facilities, the Stadium, 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, 2012.

Note 15 – Leases

Stadium – 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 2012 for the 2013 season. 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

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

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 retained use of one skybox. The financial statements include rental revenue for the Authority's skybox.

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 RMA 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 as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 147,000
2014	151,000
2015	156,000
	<u>\$ 454,000</u>

Office Equipment Rental – The Authority leases certain office equipment under an operating lease agreement expiring in September 2013. Future minimum lease payments are approximately as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 5,876
2014	1,469
	<u>\$ 7,345</u>

Rent expense on all leases amounted to approximately \$136,792 in fiscal year 2012.

Note 16 – 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.

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Note 17 – Capital assets

The following schedule summarizes the capital asset activities of the Authority for the fiscal year ended June 30, 2012:

	June 30, 2011	Additions	Deletions	June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 1,628,981	\$ -	\$ -	\$ 1,628,981
Expressway System	187,051,962	-	-	187,051,962
Boulevard Bridge	9,777,483	-	-	9,777,483
Construction in progress	2,719,553	11,253,626	-	13,973,179
Total capital assets, not being depreciated	201,177,979	11,253,626	-	212,431,605
Capital assets, being depreciated:				
Buildings	2,900,621	25,000	-	2,925,621
Parking Garages	18,629,531	-	-	18,629,531
Stadium Facility	10,723,373	-	-	10,723,373
Vehicles and Equipment	642,133	118,310	(34,650)	725,793
Total capital assets, being depreciated	32,895,658	143,310	(34,650)	33,004,318
Less accumulated depreciation for:				
Buildings	(217,548)	(73,141)	-	(290,689)
Parking Garages	(9,752,878)	(465,738)	-	(10,218,616)
Stadium Facility	(6,304,648)	(359,802)	-	(6,664,450)
Vehicles and Equipment	(490,136)	(66,293)	34,650	(521,779)
Total accumulated depreciation	(16,765,210)	(964,974)	34,650	(17,695,534)
Total capital assets, being depreciated, net	16,130,448	(821,664)	-	15,308,784
Total capital assets, net	\$ 217,308,427	\$ 10,431,962	\$ -	\$ 227,740,389

Depreciation expense for the year ended June 30, 2012 related to capital assets was \$964,974. 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 3, Capital Assets). Construction in progress additions of \$11,253,626 includes \$546,840 of capitalized interest.

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Note 18 – 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 of Richmond and certain localities. The Second Street Parking Facility and the Carytown Parking Facilities are reported combined as non-major funds. Segment information is provided below for the Second Street Parking Facility since revenues are pledged for payment of debt.

Condensed statement of net assets	Second Street Parking
Assets:	
Current assets	\$ 157,201
Capital assets	604,122
Total assets	<u>761,323</u>
Liabilities:	
Current liabilities	122,275
Noncurrent liabilities	1,589,581
Net assets (deficit):	
Invested in capital assets, net of related debt	(130,378)
Restricted	130,811
Unrestricted	(950,966)
Total liabilities and net assets	<u>\$ 761,323</u>
Condensed statement of revenues, expenses and changes in net assets	
Operating revenues	\$ 142,684
Depreciation	(42,247)
Other operating expenses	(87,349)
Operating income (loss)	<u>13,088</u>
Nonoperating revenue (expenses):	
Net investment earnings	78
Interest expense	(45,094)
Transfers	<u>33,000</u>
Change in net assets	1,072
Beginning net assets (deficit)	(951,605)
Ending net assets (deficit)	<u>\$ (950,533)</u>
Condensed statement of cash flows	
Net cash provided by:	
Operating activities	\$ 57,996
Non-Capital financing activities	33,000
Capital & financing activities	(117,350)
Investing activities	(7,098)
Net increase (decrease)	<u>(33,452)</u>
Beginning cash and cash equivalents	49,533
Ending cash and cash equivalents	<u>\$ 16,081</u>

RICHMOND METROPOLITAN AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2012

Note 19 – Commitments

The Authority has active construction projects as of June 30, 2012. At year end, the Authority's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Downtown Expressway ORT	\$ 7,658,316	\$ 2,682,113
Toll System Replacement	1,617,061	3,685,015
	<u>\$ 9,275,377</u>	<u>\$ 6,367,128</u>

Note 20 – Restatement of beginning net assets

The Authority has restated beginning net assets for the Expressway Parking Deck fund for accrued interest on the Series 1990 and 1992 debt. The Authority identified a technical adjustment was needed to the interest calculation method used since 1992 to agree with the terms of the bond indenture. The City of Richmond is the sole bondholder of the Series 1990 and 1992 debt. See Note 9 for additional information.

The Balance Sheet adjustment is as follows:

	Balance June 30, 2011		June 30, 2011
	<u>Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Expressway Parking Deck	11,758,989	1,840,864	13,599,853
Accrued Interest			

Fiscal year 2011 net assets beginning balance net adjustment is as follows:

	Expressway Parking Deck	Total Business Type Activities Net Assets
Net Assets, June 30, 2011 as previously reported	\$ (21,272,432)	\$ 71,398,500
Accrued interest adjustment	(1,840,864)	(1,840,864)
Net Assets, June 30, 2011 as restated	<u>\$ (23,113,296)</u>	<u>\$ 69,557,636</u>

Note 21 – Subsequent event

Beginning July 1, 2012, the City of Richmond will manage the parking operations of Main Street Station. As a result, the Authority will no longer collect parking revenue at Main Street Station. The City will continue to fund facility operating expense in excess of revenue per the operating agreement with the Authority as described in Note 11.



Required Supplementary Information (Unaudited)

RICHMOND METROPOLITAN AUTHORITY
Required Supplementary Information (Unaudited)
Year Ended June 30, 2012

Virginia Retirement System - Defined Benefit Pension Plan

The following information was provided to the Authority by Cavanaugh Macdonald Consulting, LLC actuaries for the Virginia Retirement System, as part of the June 30, 2011 actuarial valuation, the most recent actuarial valuation date.

Schedule of Funding Progress

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, 2011	\$ 12,897,847	\$ 14,321,237	\$ 1,423,390	90.06%	\$ 4,241,081	33.56%
June 30, 2010	12,515,879	13,466,879	950,212	92.94%	4,335,238	21.92%
June 30, 2009	12,187,979	11,816,886	(371,094)	103.14%	4,271,071	(8.69)%

Authority - Other Post Employment Benefits (OPEB) Plan

The following information was provided by Milliman for the Authority, as part of the January 1, 2011 actuarial valuation, the most recent actuarial valuation date.

Schedule of Funding Progress

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%

RICHMOND METROPOLITAN AUTHORITY
Required Supplementary Information (Unaudited)
Year Ended June 30, 2012

Modified Approach for Reporting Infrastructure

As allowed by GASB, 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 49.9 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.

Results of Last Five Condition Assessments

The Authority assesses 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. For more detail about the rating system see the Notes to Required Supplementary Information.

Fiscal Year	Rating			
	Group 1	Group 2	Group 3	Group 4
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%
2008	59.0%	41.0%	0.0%	0.0%

Budgeted and Estimated Costs Last Five 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

RICHMOND METROPOLITAN AUTHORITY
Required Supplementary Information (Unaudited)
Year Ended June 30, 2012

amount spent during the past five fiscal years. The Established Condition Level for the Authority's roads and bridges is described in the Notes to Required Supplementary Information.

<u>Fiscal Year</u>	<u>Estimated Spending</u>	<u>Actual Spending</u>
2011-2012	\$ 7,955,000	\$ 4,362,817
2010-2011	5,821,000	2,435,040
2009-2010	6,800,000	3,560,850
2008-2009	3,500,000	8,973,845
2007-2008	2,000,000	4,864,531
2006-2007	2,000,000	2,155,535

The budgeting process utilized by the Authority results in spending in one fiscal year from amounts that were certified by 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 expenditures to meet its desired condition levels.

For more detail about the actual spending to preserve and maintain the Authority's roads and bridges, see the Notes to Required Supplementary Information.

Notes to Required Supplementary Information

Roads - Measurement Scale

The Authority, upon recommendation by HNTB, has adopted the proposed asphalt specific Washington State Department of Transportation (WSDOT) 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 rating will fall into one of four distinct Treatment Groups with each having corresponding maintenance strategies and potential treatments.

RICHMOND METROPOLITAN AUTHORITY
Required Supplementary Information (Unaudited)
Year Ended June 30, 2012

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

Established Condition Level

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

Bridges - Measurement Scale

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

RICHMOND METROPOLITAN AUTHORITY
Required Supplementary Information (Unaudited)
Year Ended June 30, 2012

Established Condition Level

None of the Authority's bridges shall be rated as "structurally deficient."

Assessed Conditions

"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%

Repair and Contingency Fund Budgeted and Estimated Costs, Last Five Years

- Fiscal year 2008 expenses increased \$2.7 million. This increase was directly related to normal maintenance costs, and costs associated with the opening of the express lanes on the Powhite Parkway.
- Fiscal year 2009 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.
- Fiscal year 2010 expenses decreased \$5.4 million, consistent with routine maintenance requirements. Also timing of certain projects was shifted to subsequent years.
- Fiscal year 2011 maintenance spending of \$2.4 million was \$1.1 million less than the prior year. Based on construction timing, certain planned costs shifted to future years.
- Fiscal year 2012 maintenance spending of \$4.4 million was \$2.0 million more than the prior year. Certain planned costs from the prior year were shifted to the current year based on construction timing.



Supplementary Information

Richmond Metropolitan Authority
Non-Major Funds
Combining Balance Sheet
As of June 30, 2012

	Second Street Facility	Carytown Facilities	Total Non-major Funds
Assets			
Current Assets:			
Cash and cash equivalents	\$ 16,081	\$ 35,545	\$ 51,626
Restricted investments held by trustee	114,757	-	114,757
Other short-term investments	25,678	-	25,678
Receivables	685	15,975	16,660
Total current assets	<u>157,201</u>	<u>51,520</u>	<u>208,721</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable:			
Land	435,000	447,615	882,615
Depreciable:			
Parking garages	1,689,887	1,208,336	2,898,223
Accumulated depreciation	<u>(1,520,765)</u>	<u>(636,296)</u>	<u>(2,157,061)</u>
Net capital assets	604,122	1,019,655	1,623,777
Total noncurrent assets	<u>604,122</u>	<u>1,019,655</u>	<u>1,623,777</u>
Total assets	<u><u>\$ 761,323</u></u>	<u><u>\$ 1,071,175</u></u>	<u><u>\$ 1,832,498</u></u>
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	6,319	430	6,749
Accrued interest payable	9,750	-	9,750
Unearned revenue	1,206	-	1,206
Bonds and notes payable, current portion	105,000	-	105,000
Total current liabilities	<u>122,275</u>	<u>430</u>	<u>122,705</u>
Noncurrent Liabilities:			
Bonds and notes payable	629,500	-	629,500
Accrued interest payable	960,081	-	960,081
Total noncurrent liabilities	<u>1,589,581</u>	<u>-</u>	<u>1,589,581</u>
Total Liabilities	<u>1,711,856</u>	<u>430</u>	<u>1,712,286</u>
Net Assets (deficit):			
Invested in capital assets, net of related debt	(130,378)	1,019,655	889,277
Restricted for repairs and contingency	25,804	16,997	42,801
Restricted for debt service	105,007	-	105,007
Unrestricted	<u>(950,966)</u>	<u>34,093</u>	<u>(916,873)</u>
Total net assets (deficit)	<u>(950,533)</u>	<u>1,070,745</u>	<u>120,212</u>
Total liabilities and net assets	<u><u>\$ 761,323</u></u>	<u><u>\$ 1,071,175</u></u>	<u><u>\$ 1,832,498</u></u>

Richmond Metropolitan Authority
Non-Major Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2012

	Second Street Facility	Carytown Facilities	Total Non-major Funds
Operating Revenues			
Operating revenues:			
Parking fees and rentals	\$ 142,054	\$ 63,475	\$ 205,529
Other	630	-	630
Total operating revenues	<u>142,684</u>	<u>63,475</u>	<u>206,159</u>
Operating expenses			
Employee compensation & benefits	35,408	44,318	79,726
Maintenance	10,867	4,125	14,992
Depreciation	42,247	30,208	72,455
Consulting fees	1,739	243	1,982
Heat, light, power	26,022	6,626	32,648
Insurance	4,733	1,704	6,437
Other	8,580	4,690	13,270
Total operating expenses	<u>129,596</u>	<u>91,914</u>	<u>221,510</u>
Operating income (loss)	<u>13,088</u>	<u>(28,439)</u>	<u>(15,351)</u>
Nonoperating revenues (expenses)			
Investment earnings	78	35	113
Interest expense:			
Bonds	(19,500)	-	(19,500)
Notes	(25,594)	-	(25,594)
Total operating revenues (expenses)	<u>(45,016)</u>	<u>35</u>	<u>(44,981)</u>
Transfers	<u>33,000</u>	<u>-</u>	<u>33,000</u>
Change in net assets	1,072	(28,404)	(27,332)
Net assets (deficit)-beginning of year	<u>(951,605)</u>	<u>1,099,149</u>	<u>147,544</u>
Net assets (deficit)-end of year	<u><u>\$ (950,533)</u></u>	<u><u>\$ 1,070,745</u></u>	<u><u>\$ 120,212</u></u>

Richmond Metropolitan Authority
Combining Statement of Cash Flows
For the Year Ended June 30, 2012

	Second Street	Carytown Facilities	Total Non-major Funds
Cash flows from operating activities:			
Receipts from customers	\$ 144,094	\$ -	\$ 144,094
Receipts from City of Richmond	-	49,342	49,342
Payments to suppliers	(50,496)	(17,952)	(68,448)
Payments to employees	(35,602)	(44,847)	(80,449)
Net cash provided by operating activities	<u>57,996</u>	<u>(13,457)</u>	<u>44,539</u>
Cash flows from non-capital financing activities:			
Transfers	33,000	-	33,000
Net cash provided by non-capital financing activities	<u>33,000</u>	<u>-</u>	<u>33,000</u>
Cash flows from capital and related financing activities:			
Interest paid on revenue bonds and notes	(22,350)	-	(22,350)
Principal paid on revenue bonds and notes	(95,000)	-	(95,000)
Net cash used in capital and related financing activities	<u>(117,350)</u>	<u>-</u>	<u>(117,350)</u>
Cash flows from investing activities:			
Purchase of investment securities	(124,526)	-	(124,526)
Proceeds from sale and maturities of investment securities	117,350	-	117,350
Interest received on investing activities	78	35	113
Net cash provided by (used in) investing activities	<u>(7,098)</u>	<u>35</u>	<u>(7,063)</u>
Net increase (decrease) in cash	(33,452)	(13,422)	(46,874)
Cash balances-beginning of year	49,533	48,967	98,500
Cash balances-end of year	<u>\$ 16,081</u>	<u>\$ 35,545</u>	<u>\$ 51,626</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 13,088	\$ (28,439)	\$ (15,351)
Depreciation	42,247	30,208	72,455
Changes in assets and liabilities:			
Accounts receivable (Operating Portion)	572	(14,133)	(13,561)
Prepays and other	-	-	-
Accounts payable and accrued liabilities	1,251	(1,093)	158
Unearned revenue	838	-	838
Net cash provided (used in) operating activities	<u>\$ 57,996</u>	<u>\$ (13,457)</u>	<u>\$ 44,539</u>





Statistical Section

This section of the Authority's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the Authority's overall financial health. 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 Assets (Deficit) by Component
Table 2	Net Assets (Deficit) by Component by Fund
Table 3	Changes in Net Assets
Table 4	Expressway System Changes in Net Assets
Table 5	Expressway Parking Deck Changes in Net Assets
Table 6	Stadium Changes in Net Assets
Table 7	Main Street Station Changes in Net Assets
Table 8	Second Street Parking Facility Changes in Net Assets
Table 9	Carytown Parking Facilities Changes in Net Assets
Table 10	Operating Revenues by Fund
Table 11	Operating Expenses by Fund

STATISTICAL SECTION (CONTINUED)

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

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	Second Street Parking Facility Revenue Bond Coverage
Table 16	Expressway Parking Deck Revenue Bond Coverage

Economic and Demographic Information

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

Table 17	Metropolitan Area Principal Employers
Table 18	Metropolitan Area Estimated Population Data

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 19	Operating and Capital Indicators
Table 20	Employees by Identifiable Activities

Table 1
Richmond Metropolitan Authority
Net Assets (Deficit) by Component
Last Ten Fiscal Years

Fiscal Year	Invested in Capital Assets Net of Related Debt	Restricted Net Assets (1)	Unrestricted Net Assets	Total Net Assets
2003	\$ 11,864,943	\$ 7,331,286	\$ 137,356	\$ 19,333,585
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	(10,007,753)	71,398,500
2012	88,262,025	28,481,179	(38,984,539)	77,758,665

- (1) Restricted net assets include 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.

Net Assets (Deficit) By Component by Fund is presented on next page

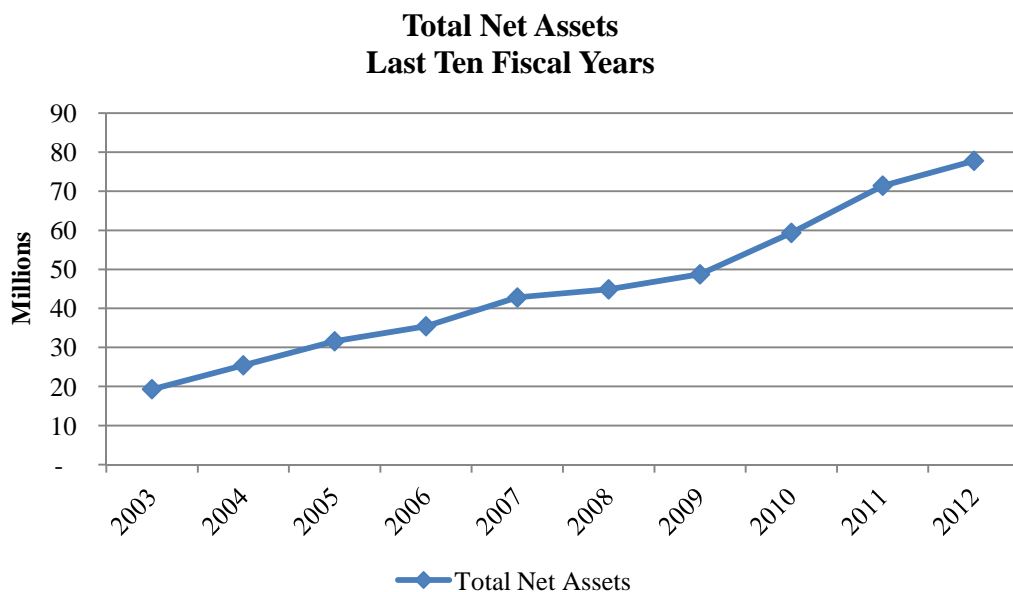


Table 2
Richmond Metropolitan Authority
Net Assets (Deficit) by Component by Fund
Last Ten Fiscal Years

	2003 (1)	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expressway System										
Invested in capital assets, Net of related debt	\$13,153,299	\$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
Restricted	6,945,993	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
Unrestricted	7,330,758	3,787,786	(2,981,255)	(1,871,529)	(611,009)	173,275	1,427,221	2,205,574	1,760,711	(24,644,112)
Total net assets (deficit)	27,430,050	33,975,428	41,061,290	46,327,452	54,884,316	57,772,722	62,960,351	74,141,581	87,167,628	96,936,513
Expressway Parking Deck										
Invested in capital assets, Net of related debt	(7,502,242)	(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)
Restricted	72,797	63,322	183,394	191,220	262,659	327,361	261,198	431,500	532,000	368,000
Unrestricted	(6,768,857)	(7,412,324)	(7,934,621)	(8,424,154)	(8,814,419)	(9,423,686)	(10,026,566)	(10,737,544)	(11,142,269)	(13,596,543)
Total net assets (deficit)	(14,198,302)	(15,061,050)	(15,880,335)	(16,779,103)	(17,627,133)	(18,570,270)	(19,635,931)	(20,572,841)	(21,272,432)	(24,286,072)
Stadium										
Invested in capital assets, Net of related debt	5,647,512	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
Restricted	312,496	322,358	222,951	-	-	66,898	-	126,372	190,589	144,100
Unrestricted	(52,295)	(175,667)	(62,149)	(61,482)	(41,069)	-	(25,969)	140,307	134,446	172,989
Total net assets (deficit)	5,907,713	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
Main Street Station										
Unrestricted	-	233,816	216,393	157,778	62,180	48,695	166,500	-	-	-
Total net assets (deficit)	-	233,816	216,393	157,778	62,180	48,695	166,500	-	-	-
Non-major Funds										
Invested in capital assets, Net of related debt	566,374	676,368	603,914	531,459	551,554	879,097	831,642	844,187	866,732	889,277
Restricted	-	-	-	-	54,946	41,567	41,004	41,152	41,453	147,808
Unrestricted	(372,250)	(576,303)	(570,013)	(599,696)	(781,842)	(783,435)	(753,566)	(776,477)	(760,641)	(916,873)
Total net assets (deficit)	194,124	100,065	33,901	(68,237)	(175,342)	137,229	119,080	108,862	147,544	120,212

(1) Management of the Main Street Station began July 1, 2003.

Table 3
Richmond Metropolitan Authority
Changes in Net Assets
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012
Operating revenues:										
Tolls	\$ 24,590,032	\$ 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
Parking fees and rentals	1,717,016	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
Stadium and sky box rentals	488,711	501,129	494,107	464,987	447,942	428,427	193,419	96,942	177,705	183,449
Other	68,382	87,410	77,595	110,753	52,630	12,645	13,831	15,504	33,038	19,577
Total operating revenues	26,864,141	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
Operating expenses:										
Employee compensation and benefits	4,712,283	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
Maintenance	2,334,240	2,294,968	2,494,552	3,670,377	3,902,174	5,454,649	10,820,760	5,804,327	4,632,533	6,800,653
Depreciation	1,640,674	737,586	737,585	737,585	737,585	737,585	839,421	868,744	976,684	964,974
Consulting fees	1,116,624	952,515	1,273,765	1,183,667	854,207	1,805,216	724,731	591,082	154,453	138,006
Heat, light, power	283,799	326,738	474,854	509,619	538,562	580,861	637,103	492,322	471,582	495,144
Insurance	258,637	302,991	347,395	376,182	415,135	332,543	362,533	376,907	344,908	346,760
Toll tag processing	567,112	579,021	562,752	1,392,650	2,228,449	2,130,368	2,828,881	2,788,310	2,947,335	2,357,443
Other	2,131,248	1,369,732	2,355,686	1,959,833	1,302,444	1,212,446	1,218,927	1,359,955	1,252,713	1,231,469
Total operating expenses	13,044,617	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
Operating income	13,819,524	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
Nonoperating revenues (expenses):										
Investment earnings	1,121,362	(254,125)	1,399,156	880,030	2,632,208	1,984,321	2,342,855	1,139,023	563,070	233,663
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	(9,157,635)	(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)
Notes	(1,378,039)	(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)
Support from localities	529,587	1,065,304	1,121,013	601,614	352,862	477,282	513,077	1,004,403	383,026	469,793
Other contributions	-	-	-	-	-	-	-	647,717	-	-
Total nonoperating revenues (expenses)	(8,884,725)	(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)
Capital Contributions	-	-	-	-	-	-	-	-	-	25,000
Change in net assets	4,934,799	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
Net assets (deficit)-beginning of year	14,398,786	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
Restatement	-	-	-	-	-	-	-	-	(1,840,864)	-
Net assets (deficit)-end of year	\$ 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	\$ 77,758,665

(1) Certain amounts were restated, see fiscal year 2012 CAFR Note 20.

Table 4
Richmond Metropolitan Authority
Expressway System Changes in Net Assets
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Change in Net Assets
2003	\$ 24,652,886	\$ 11,271,217	\$ 13,381,669	\$ (8,068,980)	\$ 5,312,689
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

Table 5
Richmond Metropolitan Authority
Expressway Parking Deck Changes in Net Assets
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses) and Transfers	Change in Net Assets
2003	\$ 1,140,025	\$ 814,080	\$ 325,945	\$ (1,202,979)	\$ (877,034)
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)

Table 6
Richmond Metropolitan Authority
Stadium Changes in Net Assets
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenues/ (Expenses)	Contributions from Localities	Change in Net Assets
2003	\$ 672,948	\$ 747,880	\$ (74,932)	\$ (37,706)	\$ 529,587	\$ 416,949
2004	686,523	931,638	(245,115)	(26,110)	565,277	294,052
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)

Table 7
Richmond Metropolitan Authority
Main Street Station Changes in Net Assets
Last Nine Fiscal Years (1)

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Reimbursements from the City of Richmond	Change in Net Assets
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	-

(1) Management of the Main Street Station began July 1, 2003

Table 8
Richmond Metropolitan Authority
Second Street Parking Facility Changes in Net Assets
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses) and Transfers	Change in Net Assets
2003	\$ 130,952	\$ 120,537	\$ 10,415	\$ (90,106)	\$ (79,691)
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

Table 9
Richmond Metropolitan Authority
Carytown Parking Facilities Changes in Net Assets
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Change in Net Assets
2003	\$ 267,330	\$ 90,903	\$ 176,427	\$ (14,541)	\$ 161,886
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)

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

Fiscal Year	Expressway System	Expressway Parking Deck	Stadium Facility	Main Street Station (1)	Second Street Facility	Carytown Facilities	Total
2003	\$ 24,652,886	\$ 1,140,025	\$ 672,948	\$ –	\$ 130,952	\$ 267,330	\$ 26,864,141
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

(1) Management of the Main Street Station began July 1, 2003.

Table 11
Richmond Metropolitan Authority
Operating Expenses by Fund
Last Ten Fiscal Years

Fiscal Year	Expressway System	Expressway Parking Deck	Stadium Facility	Main Street Station (1)	Second Street Facility	Carytown Facilities	Total
2003	\$ 11,271,217	\$ 814,080	\$ 747,880	\$ –	\$ 120,537	\$ 90,903	\$ 13,044,617
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

(1) Management of the Main Street Station began July 1, 2003.

Table 12
Richmond Metropolitan Authority
Operating Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Tolls	Parking fees and rentals	Stadium and sky box rentals	Other (1)	Total
2003	\$ 24,590,032	\$ 1,664,728	\$ 540,999	\$ 68,382	\$ 26,864,141
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

- (1) Advertising fees, late fees, forfeited deposits and miscellaneous charges.
(2) A toll increase was implemented September 9, 2008.
(3) Main Street Station tenant vacancy the first ten months of fiscal year 2010 resulted in reduced rent revenue.

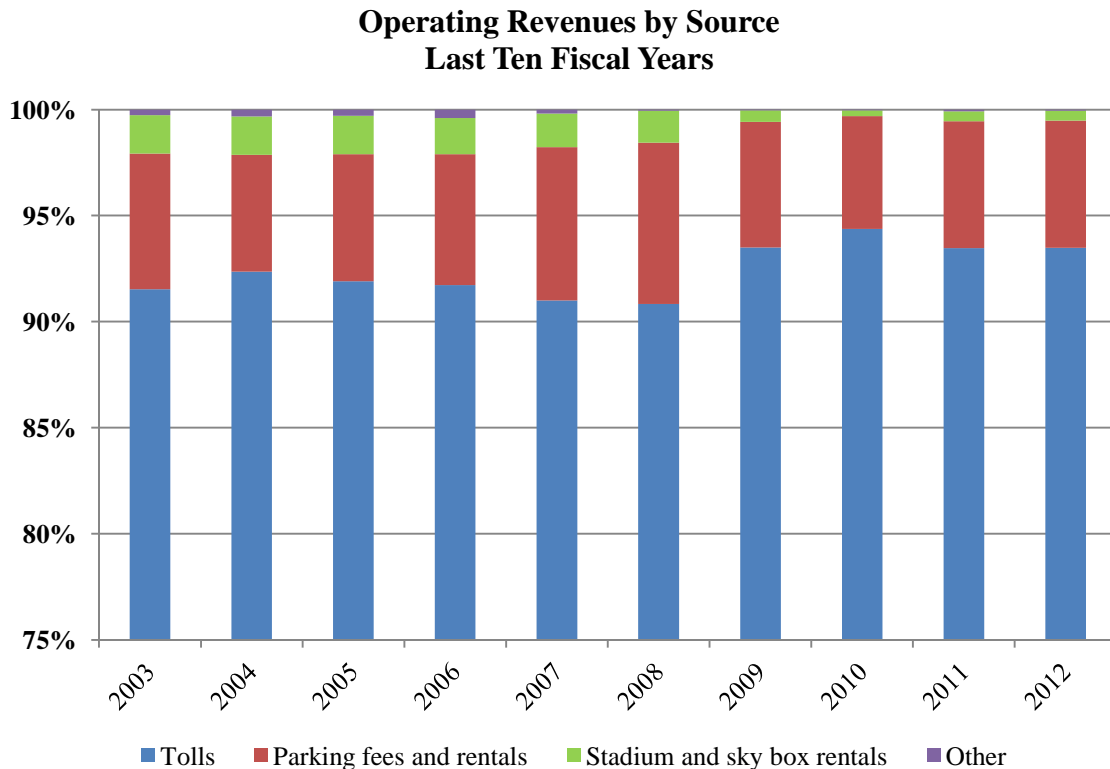


Table 13
Richmond Metropolitan Authority
Toll Rates Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Two-axle vehicles:										
Powhite Parkway	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70
Forest Hill Avenue	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70
Douglasdale Road	0.15	0.15	0.15	0.15	0.15	0.15	0.20	0.20	0.20	0.20
Boulevard Bridge	0.25	0.25	0.25	0.25	0.25	0.25	0.35	0.35	0.35	0.35
Downtown Expressway	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70
Second Street	0.25	0.25	0.25	0.25	0.25	0.25	0.35	0.35	0.35	0.35
Eleventh Street	0.20	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.30	0.30
Three-axle vehicles:										
Powhite Parkway	0.60	0.60	0.60	0.60	0.60	0.60	0.80	0.80	0.80	0.80
Forest Hill Avenue	0.60	0.60	0.60	0.60	0.60	0.60	0.80	0.80	0.80	0.80
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.25	0.40	0.40	0.40	0.40
Boulevard Bridge	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70
Downtown Expressway	0.60	0.60	0.60	0.60	0.60	0.60	0.80	0.80	0.80	0.80
Second Street	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.60
Four-axle vehicles:										
Powhite Parkway	0.70	0.70	0.70	0.70	0.70	0.70	0.90	0.90	0.90	0.90
Forest Hill Avenue	0.70	0.70	0.70	0.70	0.70	0.70	0.90	0.90	0.90	0.90
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.25	0.40	0.40	0.40	0.40
Boulevard Bridge	-	-	-	-	-	-	-	-	-	-
Downtown Expressway	0.70	0.70	0.70	0.70	0.70	0.70	0.90	0.90	0.90	0.90
Second Street	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.60
Five-axle vehicles:										
Powhite Parkway	0.80	0.80	0.80	0.80	0.80	0.80	1.00	1.00	1.00	1.00
Forest Hill Avenue	0.80	0.80	0.80	0.80	0.80	0.80	1.00	1.00	1.00	1.00
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.25	0.40	0.40	0.40	0.40
Boulevard Bridge	-	-	-	-	-	-	-	-	-	-
Downtown Expressway	0.80	0.80	0.80	0.80	0.80	0.80	1.00	1.00	1.00	1.00
Second Street	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.60

Table 14

Richmond Metropolitan Authority
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			Coverage
				Principal(2)	Interest	Total	
2003	\$ 24,652,886	\$ 7,717,526	\$ 16,935,360	\$ 4,520,815	\$ 6,742,072	\$ 11,262,887	1.50
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

(1) Does not include depreciation, unrealized gains/losses, and expenses from the Repair & Contingency Account, 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**

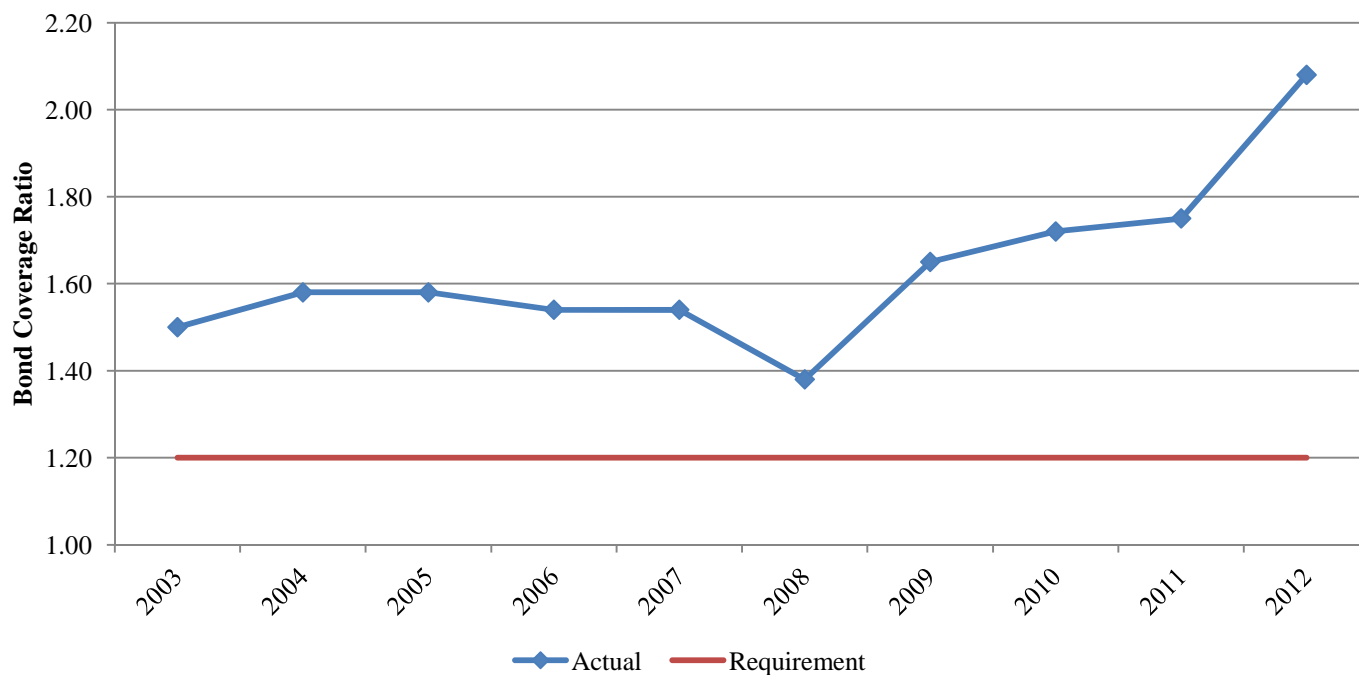


Table 15

Richmond Metropolitan Authority

Second Street Parking Facility Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Revenue (3)	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal (2)	Interest	Total	
2003	\$ 130,952	\$ 78,290	\$ 52,662	\$ —	\$ 65,100	\$ 65,100	0.81
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

- (1) Does not include depreciation expense.
- (2) In August 2001, the bond agreement was modified to defer the payment of principal during fiscal years 2002 through 2006 to fiscal year 2008.
- (3) Transfers from the Expressway Parking Deck to the Second Street Parking Deck for principal debt payments by fiscal year: 2008 - \$419,000; 2009 - \$85,000; 2010 - \$39,630; 2011 - \$95,000; 2012 - \$33,000.

Table 16

Richmond Metropolitan Authority

Expressway Parking Deck Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (3)
				Principal	Interest (2)	Total	
2003	\$ 1,140,025	\$ 397,020	\$ 743,005	\$ 240,000	\$ 1,278,853	\$ 1,518,853	0.49
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	1,868,863	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

- (1) Does not include depreciation expense.
- (2) Interest expense in prior years was restated in fiscal year 2012, see FY 2012 CAFR Note 20.
- (3) The City of Richmond is the sole bondholder. See Note 9 for additional information.

Table 17

Richmond Metropolitan Authority

Richmond Metropolitan Area Principal Employers

Current and Nine Years Prior (1)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Employer (2):										
Virginia Commonwealth University	4	4	4	4	4	3	1	1	1	1
Capital One Bank	1	1	2	3	3	4	4	4	4	2
Henrico County School Board	3	3	3	2	2	2	3	3	2	3
Chesterfield County School Board	2	2	1	1	1	1	2	2	3	4
MCV Hospital	8	8	8	6	5	5	5	5	5	5
Bon Secours Richmond Health System	-	-	-	10	9	8	7	6	7	6
U.S. Department of Defense	7	7	7	8	8	7	8	8	6	7
Wal-Mart	6	6	5	5	6	6	6	7	8	8
Richmond City Public Schools	9	9	9	9	10	10	9	9	9	9
County of Henrico	-	-	-	-	-	-	-	-	-	10
City of Richmond	-	-	-	-	-	-	10	10	10	-
Philip Morris U.S.A., Inc.	5	5	6	7	7	9	-	-	-	-
Ukrops	10	10	10	-	-	-	-	-	-	-
Total Richmond Metropolitan Area Employment (3)	563,040	571,621	585,981	596,413	610,065	616,145	623,636	609,871	616,351	628,514

(1) Final quarter data for most recent calendar year (2011-2002).

(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 2007-2011 were updated in fiscal year 2012 based on revised employment estimates released by the Bureau of Labor Statistics.

Source: Virginia Employment Commission, Bureau of Labor Statistics

Table 18

Richmond Metropolitan Authority
Metropolitan Area Estimated Population Data

Last Ten Years

Year	City of Richmond	Chesterfield County	Henrico County	Total
2003	193,000	270,700	271,700	735,400
2004	195,300	275,600	275,100	746,000
2005	192,900	281,300	279,600	753,800
2006	193,300	286,500	283,300	763,100
2007	192,030	292,500	286,800	771,330
2008	195,300	298,721	289,788	783,809
2009	195,463	303,538	291,767	790,768
2010	198,102	307,594	296,490	802,186
2011	204,326	317,711	308,066	830,103
2012	206,238	319,641	310,742	836,621

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

Metropolitan Area Population
Last Ten Years

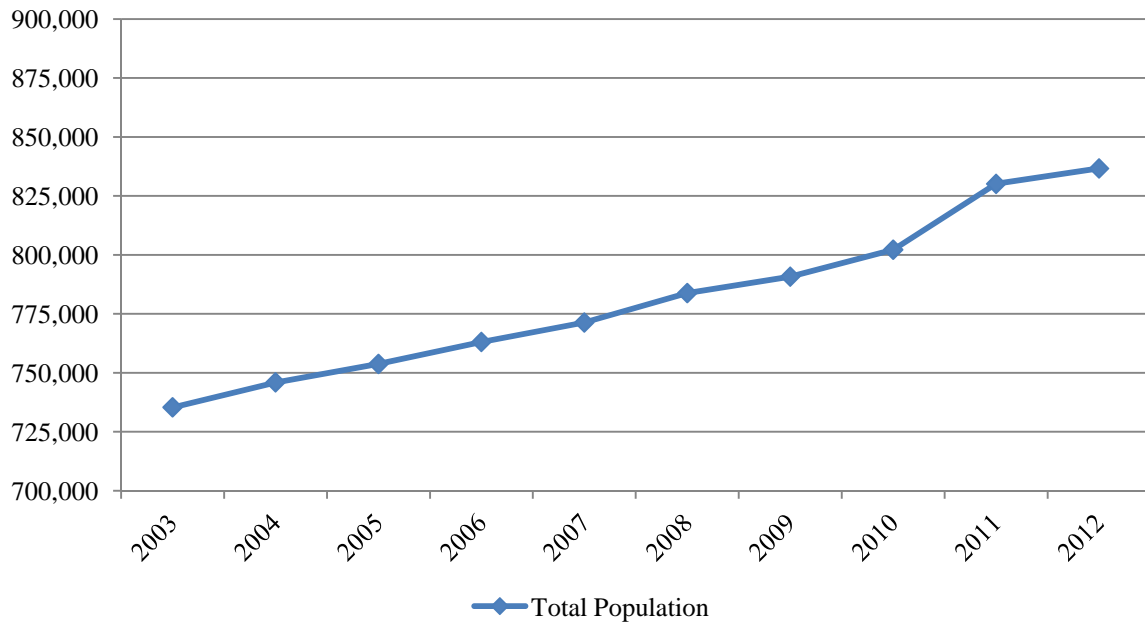


Table 19
Richmond Metropolitan Authority
Operating and Capital Indicators
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expressway Traffic										
Powhite	33,767,965	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
Downtown										
Expressway	17,947,925	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
Boulevard Bridge	5,068,404	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
Total	56,784,294	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
Lane Miles	45.00	45.00	45.00	45.00	46.94	45.91	45.91	49.90	49.90	49.90
Stadium:										
Attendance (1)	452,961	446,882	375,029	402,815	378,228	342,090	--	463,842	447,520	438,002
Number of seats (2)	12,000	12,000	12,000	12,000	12,000	12,000	--	9,560	9,560	9,560
Parking:										
Number of spaces:										
Carytown	220	220	220	220	220	220	220	220	220	220
Second Street	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	1,000	991	991	991

(1) Attendance listed by season, no baseball played 2009 season due to relocation of previous team.

(2) Seating reconfigured for 2010 season.

Table 20

Richmond Metropolitan Authority

Employees by Identifiable Activity

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Summary:										
Full-Time	99	98	99	101	100	110	110	110	110	110
Part-Time	37	34	36	34	34	32	32	34	33	36
Total Employees	136	132	135	135	134	142	142	144	143	146
Expressway:										
Full-Time	80	79	79	82	80	89	89	89	89	89
Part-Time	31	28	30	28	27	26	26	27	26	29
Total Employees	111	107	109	110	107	115	115	116	115	118
Central Administration:										
Full-Time	17	17	17	16	16	17	17	17	17	17
Part-Time	1	1	1	1	1	1	1	1	1	1
Total Employees	18	18	18	17	17	18	18	18	18	18
Parking:										
Full-Time	2	2	2	2	2	2	2	2	2	2
Part-Time	5	5	5	5	6	5	5	6	6	6
Total Employees	7	7	7	7	8	7	7	8	8	8
Main Street Station (1):										
Full-Time	-	-	1	1	2	2	2	2	2	2
Part-Time	-	-	-	-	-	-	-	-	-	-
Total Employees	-	-	1	1	2	2	2	2	2	2

(1) Management of the Main Street Station Began July 1, 2003.



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

To the 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 as of and for the year ended June 30, 2012, and have issued our report thereon dated October 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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.

Internal Control over Financial Reporting

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, Audit Committee, management and the Auditor of Public Accounts of the Commonwealth of Virginia and is not intended to be and should not be used by anyone other than these specified parties.

Cheng Eckert + Holland, L.L.P.

Richmond, Virginia
October 1, 2012